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ABSTRACT

The initial client assessment procedures used by case managers in the Wisconsin Works (W-2) program in Milwaukee County, Wisconsin, were examined. Data were collected through the following activities: (1) observations of 100 financial and employment planner (FEP)-applicant intake interviews; (2) an examination of administrative data to learn how characteristics of the entering caseload and their initial tier placements may have changed over time; and (3) focus group sessions and interviews with FEPs and other agency staff to understand the approach to assessing clients. The following were among the key findings: (1) the initial tier placements for W-2 applicants changed substantially over the program's first 2 years, reflecting changing state policy, agency practice, and applicant characteristics; (2) some agencies differ in approach to client assessment, but much of the variation is by case manager; (3) case managers rely primarily on informal assessment to make initial tier placement decisions; (4) case managers face multiple demands on their time when conducting initial intake interviews and assessment and respond to those time pressures by relying on some simple guiding practices; and (5) case managers have no road map for assessing applicants with multiple, complex, long-term barriers to employment. A glossary is included. (Contains 21 references and 20 tables/figures/boxes.) (MN)

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Matching Applicants with Services: Initial Assessments in the Milwaukee County W-2 Program

Susan Gooden
Fred Doolittle
Ben Glispie

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Overview

The passage of federal legislation reforming welfare in 1996 challenged states to be innovative in structuring and administering public assistance for needy families with children. As one of the first states to end Aid to Families with Dependent Children (AFDC) and replace it with a new program, Wisconsin provided a new vision for many key decisions that states now face about imposing time limits on assistance (within the federal five-year lifetime limit), setting levels of cash assistance, the variety of employment-related services to offer, and how to enforce requirements for participating in services.

In the Wisconsin Works (W-2) program, applicants for public assistance under Temporary Assistance for Needy Families (TANF) must be assessed and assigned quickly to one of several "tiers" that entail different levels of cash assistance, different services, and different participation requirements. Two tiers (community service jobs and W-2 transitional placements) have two-year limits unless an extension is granted. Thus, caseworkers' decisions about initial tier assignments have important implications for participants and the agencies that administer services. Although state policy sets guidelines for making initial tier assignments, caseworkers have much discretion in designing an individualized service plan for applicants and participants. Moreover, in Milwaukee County, the state has contracted with private agencies to administer W-2, and the agencies have developed their own procedures for conducting intake and assessing applicants.

This report — the first in a series on W-2 administration — describes how the early assessment of applicants' job readiness and service needs was actually done in Milwaukee County during the program's first two years. Based on field research, administrative records, and observations of program operations, it analyzes the initial tier and activity assignments. The study's findings illustrate how W-2 has evolved, how caseworkers have handled the many tasks of enrolling someone in the program, and the challenges of assessing the circumstances and needs of applicants who have serious barriers to employment.

Key findings include:

- Initial tier assignments changed substantially over the first two years of W-2 operations, reflecting changes in state policy, agency practice, and applicants' characteristics. Assignments to community service jobs remained most common throughout the period but did decline over time, whereas W-2T (transitional) assignments increased, as did assignments to a temporary category for parents of newborns. Although agencies do differ in their approach to client assessment, much of the variation reflects differences among caseworkers within agencies.

- Facing large caseloads, mandated deadlines for decisions, and the multiple demands of establishing eligibility for W-2 while also specifying a client's employability plan, caseworkers rely primarily on informal assessment in making initial tier and activity decisions. They are often guided by some simple strategies based on an applicant's extent of education and work experience.

- Caseworkers have no clear road map to guide them in assessing applicants who have multiple, complex, long-term barriers to employment — a goal that seems distant — and this compounds the difficulties of designing an employability plan. In such cases, they may assign initial activities that create an opportunity for more extended, formal assessment.

This research depends on the cooperation of the W-2 service providers in Milwaukee County and the State of Wisconsin Department of Workforce Development and is made possible through the financial support of the Joyce, Rockefeller, Annie E. Casey, and Kellogg Foundations. Upcoming reports will examine W-2's community service jobs component, contracting with service agencies, extensions of time limits, and complaint resolution. The findings of the project will be summarized in a brief synthesis.

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Preface

Policies in Wisconsin have been a major factor shaping the national debate about welfare reform, having been subjected to early experimentation under the waiver authority of the Aid to Families with Dependent Children (AFDC) program and, since 1997, implemented statewide under the successor program Wisconsin Works (W-2). The new program is unusual in at least three ways: W-2 strongly emphasizes employment; it directly links the amount of cash assistance to participation in assigned activities; and it includes agencies outside government in central aspects of administration.

Recognizing the valuable learning opportunity that W-2 presents, MDRC organized a study to focus on the program's administration in Milwaukee County, Wisconsin's largest metropolitan area. Rather than examining all aspects of administration, however, the research team identified key factors of W-2 that present special challenges, based on experience and the program's structure. This report — the first in a series on W-2 administration — focuses on the initial assessment of applicants. Unlike most welfare programs, W-2 requires caseworkers to make assessments during intake and to assign applicants quickly to one of several "tiers" that entail different levels of cash assistance, different services, and different participation requirements. Thus, decisions about initial tier assignments have important consequences both for the family enrolled in W-2 and for the program's service providers.

By analyzing how the early assessment of applicants' job readiness and service needs was actually done in Milwaukee County during the first two years of W-2, this report gives an unusual, in-depth look at program administration and provides insights into how major changes in legislation both affect administrative practices "on the street" and also are constrained by the essential administrative tasks of operating a public assistance program. As states seek innovative ways to design and administer more effective public assistance programs, they can benefit from the experiences and lessons of W-2 because of the changes in policy and practice that it introduced.

Judith M. Gueron

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Our work also benefited from the support and assistance of staff at the State of Wisconsin Department of Workforce Development (DWD) and at the Private Industry Council (PIC) of Milwaukee County, who encouraged the Milwaukee County W-2 providers to cooperate in the research, provided comments on the research design and draft reports, and helped us through the complexities of W-2 administrative records. At DWD, Robert Korb, Jean Rogers, Paul Saeman, and Jan Van Fleck were especially helpful, as were Neil Naftzger and Sharon Schultz at the PIC.

Insightful comments on draft reports also came from others outside government, including Lawrence Mead of New York University, Rebecca Swartz of the Hudson Institute, and Pam Fendt of the University of Wisconsin-Milwaukee. The report also benefited from comments and data shared by Irv Piliavin and Tom Kaplan of the Institute for Research on Poverty at the University of Wisconsin-Madison.

Many MDRC staff helped to collect and analyze the data underlying this report. Veronica Fellerath and Lynn Miyazaki-Fischer worked with the Wisconsin DWD staff to secure and process administrative records, and Ana Ventura and Electra Small provided programming for the analysis. Tekisha Everette, Michael McCreary, Vickie Mayer, and Andrea Robles observed W-2 intake interviews, and Melisa Diaz programmed the analysis of this field research data and created exhibits for the report. Thomas Brock and Daniel Bloom contributed useful comments on various drafts of the report. Robert Weber edited the document, and Stephanie Cowell prepared it for publication.

The Wisconsin Works implementation study is being funded by grants from several national foundations. We especially thank Michael Laracy of the Annie E. Casey Foundation; Kara MiKulich, Jennifer Phillips, and Umni Song of the Joyce Foundation; Betsy Biemann of The Rockefeller Foundation; and Patrick Babcock, Gloria Meert, and Terri Wright of the Kellogg Foundation. All were supportive and patient as we navigated through the many complexities of this study.

The Authors

Executive Summary

The passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 ushered in an era of time-limited cash assistance, with a clear expectation for welfare clients to participate in employment-related activities. Welfare reform in Wisconsin presaged this national change and culminated in the implementation of the Wisconsin Works (W-2) program in the fall of 1997. The staff (often called case managers) who work directly with applicants and participants are vitally important to the successful implementation of Temporary Assistance for Needy Families (TANF) programs. Case managers perform two important administrative functions. First, they must ensure that the TANF applicant meets the financial and nonfinancial eligibility criteria and complies with required work or work-related activities in exchange for cash and other, noncash services. Second, they must provide a service plan (commonly called an employability plan) to help the parent get and keep employment. In short, they must make sure that a participant meets the criteria (or continues to meet the criteria) to receive program benefits while also developing a plan so that the participant can obtain employment and exit the welfare rolls in a timely fashion. These two functions are important because they directly influence the client's likelihood of receiving targeted and appropriate services to facilitate job placement and promote job retention.

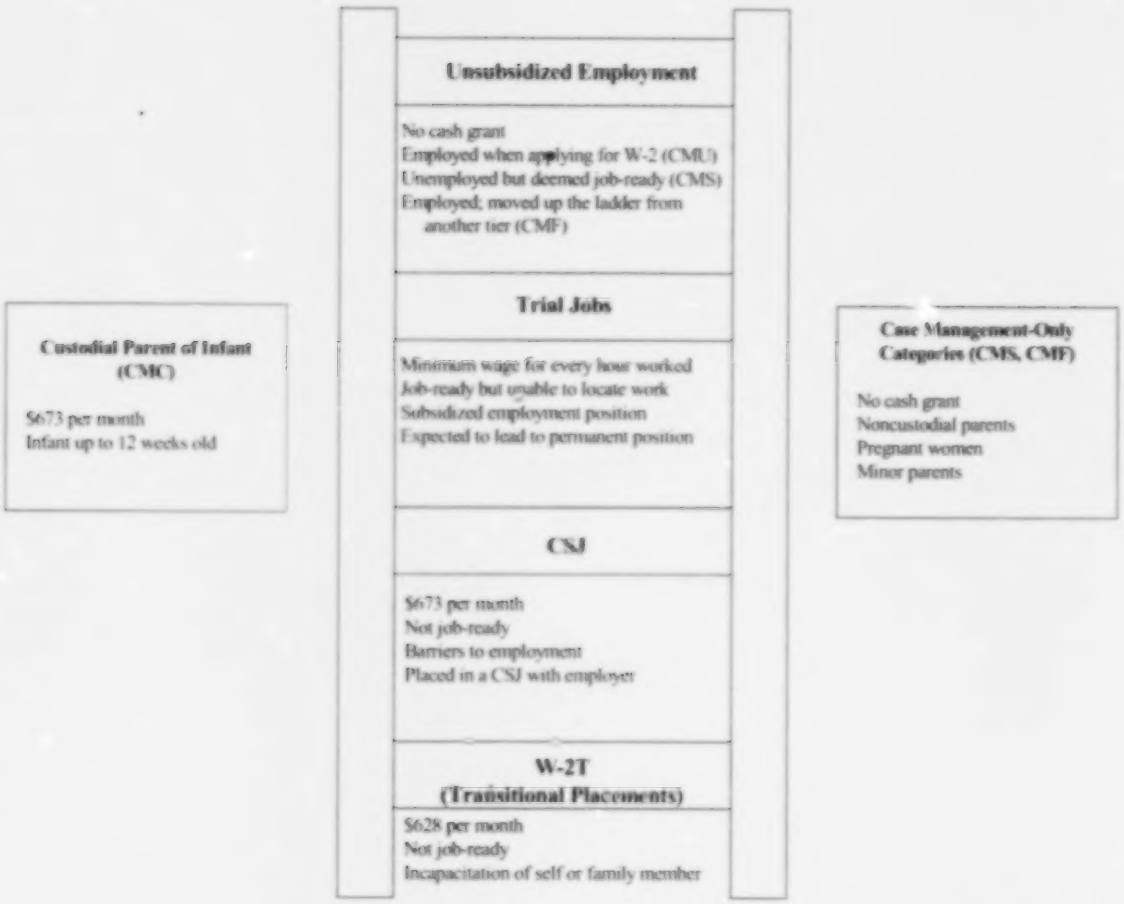
1. The Scope and Methods of This Study

This report examines client assessment through the lens of the Wisconsin Works program in Milwaukee County. W-2 is unusual in establishing distinct categories, or tiers, of participants, as shown in Figure ES.1: those assigned to unsubsidized employment, trial jobs, community service jobs (CSJs), or W-2T (transitional) activities; and those in several other categories who are not subject to any participation requirements because they are caring for an infant (CMC) or are ineligible for cash assistance but do receive case management services (CMS) or follow-up (CMF). W-2 has an overall time limit of five years but also includes two-year time limits on participation in the CSJ and W-2T tiers. Initial assessment of applicants is particularly important in Wisconsin, because W-2 policy generally requires that the case manager (called the financial and employment planner, or FEP, in W-2) choose an appropriate tier placement within seven working days after a client has enrolled in the program. State policy calls for an informal assessment at application, though it allows agencies to conduct more formal assessments if they wish and to reassess clients' needs throughout participation in the program. This time line means that the initial assessment and tier assignment are required before the case manager may have had an opportunity to develop rapport with the client, conduct extensive formal assessment, or observe the client participating in program activities. Further, participants' tier assignments affect both the level of cash benefit they can receive (only those in the CSJ and W-2T tiers receive a grant) and the participation expectations and time limits they face. Of additional interest, in Milwaukee County this assessment process is conducted by staff at five private nonprofit and for-profit agencies selected through a competitive procedure to administer W-2 services in six regions of the county.

In order to develop an appropriate initial employability plan, case managers must first assess their clients to obtain baseline data on job readiness. For example, they must consider how such factors as basic reading and math skills, soft skills, employment and educational back-

Figure ES.1

The W-2 Employment Ladder



ground, and mental and physical health issues may affect program participation and the likelihood of job placement. Key questions for this report include: How is the initial assessment of clients envisioned in welfare policy and in W-2 agency administrative guidelines? How do caseworkers actually implement client assessment? What decisionmaking patterns and practices have emerged in client assessment? How do changing state policies, agency practice, and the flow and characteristics of applicants influence the assessment process?

This report examines how W-2 case managers perform their initial assessments of applicants. We observed 100 FEP-applicant intake interviews; discussed with FEPs their decisionmaking process in each of the intake interviews observed; examined administrative data to understand how characteristics of the entering caseload and their initial tier placements may have changed over time; and conducted focus group sessions and interviews with FEPs and other agency staff to understand their approach in assessing clients. The study's results emerged within the context of dramatic declines in the W-2 caseload; the emergence of a caseload with more subtle and more complex barriers to employment; and an evolving agency focus on providing more substantial services as they gained experience with the early cohorts, who were gradually approaching the two-year time limits on participation in the CSJ and W-2T tiers.

This study is being conducted under a cooperative agreement with the State of Wisconsin Department of Workforce Development and with funding by the Joyce Foundation, The Rockefeller Foundation, the Kellogg Foundation, and the Annie E. Casey Foundation.

II. Key Findings in Brief

- The initial tier placements for W-2 applicants changed substantially over the first two years of the program, reflecting changing state policy, agency practice, and applicant characteristics.

Using administrative data, we compared three groups: early entrants (those coming onto W-2 by March 1998, many of whom were converting from Aid to Families with Dependent Children, or AFDC); middle entrants (who enrolled between April and October 1998); and late entrants (who enrolled between November 1998 and October 1999). Four noticeable trends emerge. First, the percentage of entrants initially assigned to the CMC category (taking care of a newborn up to 12 weeks old) has increased, reflecting a change in the demographics of applicants. Second, the percentage initially assigned to community service jobs has declined, from 58 percent in the early cohort to 45 percent in the late cohort, although the CSJ tier is still the most common assignment. Third, there has been a gradual increase in the percentage initially assigned to the W-2T tier, the placement designed for the least job-ready clients. Fourth, the percentage initially assigned to the unsubsidized employment tier (which has no cash benefits) declined, reflecting a complicated series of counteracting changes among the various subcategories within this tier.

- There are some agency differences in approach to client assessment, but much of the variation is by case manager.

The greatest variation in early assessment practice among W-2 agencies is the difference in how they use formal assessment measures (testing, detailed evaluations of skills and employment barriers). FEPs at one W-2 agency rely heavily on formal assessment tools prior to making an initial tier placement, while those at the other four agencies rarely conduct formal

assessment prior to the initial placement. Except for the use of formal measures, most assessment differences seem to reflect case manager style rather than agency philosophy.

- Case managers rely primarily on informal assessment to make initial tier placement decisions.

In making an initial W-2 tier placement, FEPs rely heavily on their informal impressions of applicants during the intake interview, and they have developed guiding practices based on applicants' education, work history, and family considerations to assist them in decisionmaking. In addition, FEPs may require formal assessments of the client after initial placement, to determine whether the tier assignment is appropriate.

- Case managers face multiple demands on their time when conducting the initial intake interview and assessment.

Within the W-2 intake interview, which typically lasts about an hour, FEPs must juggle their time between establishing the client's eligibility for the program and planning employment development services. They need to introduce and discuss specific aspects of the W-2 program, enter applicant data into the management information system for eligibility determination, and initiate in-depth discussions to ascertain the applicant's employment goals and barriers. For example, 85 percent of the intake interviews we observed included a discussion that promoted work as the means of securing economic self-sufficiency, although other programmatic areas such as sanctioning (reducing the cash benefit because of nonparticipation) and time limits received considerably less coverage.

- Case managers respond to the complexity and time pressures of assessing applicants and making tier placement decisions within the seven-working-day time frame by relying on some simple guiding practices.

Some FEPs narrow the range of placement options (using a process of elimination); develop guiding practices based on fairly general client characteristics (such as education level) and initial impressions during the intake interview; make an initial tier placement decision, fully intending to adjust it later; and/or assign activities that allow staff to conduct a more formal assessment after the applicant is enrolled in the program. Still other FEPs rely less on the W-2 tier guidelines and instead focus on the specific activity assignments that are allowable within the tiers.

- Case managers have no clear road map for assessing applicants with multiple, complex, long-term barriers to employment.

FEPs reported that making early assessment decisions for this group of applicants is especially challenging. Yet early assessment is a feature of W-2 policy and is designed to ensure timely case management and avoid administrative delays. When FEPs encounter more complicated cases, early assessment may not be possible or purposeful. Staff may need to rely more heavily on formal assessment measures or to have extended, multiple informal discussions with an applicant before making tier placement and activity decisions.

This report on the W-2 intake process in Milwaukee County and the resulting tier and activity assignments for clients illustrates the complexity of the tasks involved, the typical guiding practices in place, and the changes over time in the resulting initial tier assignments.

Much of the description of the "nuts-and-bolts" of the intake process may strike readers as familiar and more similar to what is happening in other welfare reforms than do other aspects of W-2. Indeed, in any assistance program, the basic administrative processes involved in the required intake tasks do have a strong homogenizing influence on what daily life is like for the frontline agency staff. There are differences, though: W-2's strong emphasis on work and economic self-sufficiency, its effort to shift the focus toward the assets that an applicant brings to a job search and away from an emphasis on employment barriers, and its requirement for a relatively quick initial assessment are distinctive.

Chapter 1

Introduction

In recent years, many state welfare programs shifted to a "work-first" approach (actually, job search is the first activity) that does not use any early formal assessment of applicants to make assignments to specific program services. This change in emphasis was prompted in part by the 1996 enactment of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), under which the Aid to Families with Dependent Children (AFDC) program was replaced by the Temporary Assistance for Needy Families (TANF) program. Under many state programs in place at the end of the 1990s, if an applicant did not find and keep a job through the initial work-first emphasis, welfare agency staff shifted to the use of formal assessment to identify barriers that might explain a person's lack of employment success. With the dramatic caseload declines nationally in the late 1990s, those who remain on the national welfare rolls include parents with serious and complex barriers to employment. Given the combination of a continuing strong economy, declining caseloads, and the approach of time limits for some recipients, many states and program operators are now seeking new ways to identify the proper services for people who apply for aid as well as for those recipients who remain on welfare. This context has led to renewed interest in a broader range of assessment approaches.

In accordance with PRWORA, the Wisconsin Works (W-2) program strongly emphasizes employment and participation in employment-related activities. On several key program aspects, however, Wisconsin has followed a different course than many states, reflecting fundamental policy principles underlying the program's design (see Box 1.1). Two principles of special relevance to this discussion are that (1) for those who can work, only work should pay, and that (2) W-2 should provide only as much service as an eligible person requests or needs. Explicit in these principles is a charge to those implementing the program to emphasize employment placement, make an early screening for job readiness, and provide different benefits and services depending on the outcome.[1] Implicit in the W-2 approach is an unusual emphasis on the options that an individual might have other than welfare (such as alternative sources of income or support) and on the assets that the person might bring to a job search, rather than focusing on the barriers or deficits the person may face.[2] According to W-2 policy, those who are job-ready are not eligible for a cash grant (though they may be eligible for other support services), while those who are not job-ready can receive a grant and face varying participation requirements based on the details of their employability plan.[3]

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[1]Even within the structure of W-2, an applicant can be required to conduct an "unpaid, up-front" job search as a condition of eligibility if the resource specialist (who has the initial agency contact with an applicant) makes a tentative judgment that the applicant is job-ready. An applicant who is not diverted from applying for W-2 subsequently meets with the financial and employment planner (FEP), who reviews the applicant's job search progress and determines the appropriateness of a continued job search.

[2]*Wisconsin Works Manual*, Appendix III.

[3]Unless an individual's participation is excused through a "good cause" exception, all those receiving a grant must participate in W-2 activities, with the weekly hours requirement varying somewhat depending on individual circumstances. In the community service job (CSJ) tier, for example, participants must be active up to 40 hours per week to receive the full grant; in the W-2 transition (W-2T) tier, there is greater variation in requirements because of the many circumstances that can lead to this assignment.

Box 1.1

The Philosophical Principles Underlying W-2

- **For those who can work, only work should pay.** The W-2 program focuses on employment as the surest way for families to escape poverty. To that end, participation in either unsubsidized or subsidized time-limited employment positions, based on ability, is the cornerstone of the W-2 program.

- **W-2 assumes that everybody is able to work within his or her abilities.** W-2 recognizes and utilizes individual diversity in devising approaches to self-sufficiency. W-2 subscribes to the view that, when provided with appropriate and reasonable accommodations, most individuals can become valuable members of the workforce, and all individuals are capable of making some contribution to work.

- **Families are society's way of nurturing and protecting children, and all policies must be judged in light of how well these policies strengthen the responsibility of both parents to care for their children.** A primary goal of W-2 is to provide opportunities for a parent to meet his or her responsibilities.

- **W-2's fairness will be gauged by comparison with low-income families who work for a living.** W-2 assumes that self-sufficiency through work is an end in itself. It also assumes that the best standard of fairness for those in W-2 is comparison with those who are working to support their families and have not asked for public assistance.

- **There will be no entitlement. The W-2 reward system is designed to reinforce behavior that leads to independence and self-sufficiency.** Individuals are not entitled to a cash payment as a property right under law. However, Medicaid and Food Stamps retain their entitlement status as required under federal law.

- **Individuals are part of various communities of people and places.** W-2 operates in a manner that enhances the way communities support individual efforts to achieve self-sufficiency. W-2 utilizes Community Service Jobs and expects communities to support former recipients, as well as to allow W-2 participants to pay back temporary loans through volunteering.

- **The new system should provide only as much service as an eligible person asks for or needs.** The philosophy of W-2 embraces the idea that many individuals will do much better with just a "light touch." W-2 allows flexibility in order to devote funds to supportive services based on need.

- **W-2's objectives are best achieved by working with the most effective providers and by relying on market and performance mechanisms.** W-2 is designed to use private as well as public service providers and establishes market mechanisms based on outcome-based performance standards rather than bureaucratic program rules.

*Adapted from *Wisconsin Works Manual*, Chapter 1, pp. 1-2.

This report is part of a larger project examining the administration of W-2 in Milwaukee County. The focus on Milwaukee County occurred for two reasons: (1) it is a large metropolitan area — the largest in the state — creating the opportunity to identify lessons of importance to other large cities, and (2) the administration of W-2 has been contracted to nongovernment agencies, providing an important case study of privatization. The overall project is being conducted by the Manpower Demonstration Research Corporation (MDRC) with funding from four national foundations (the Joyce Foundation, The Rockefeller Foundation, the Kellogg Foundation, and the Annie E. Casey Foundation) and with a cooperative agreement with the State of Wisconsin Department of Workforce Development, which has provided access to administrative records and to the staff administering the program.

The goals of this report are to describe and analyze how early assessment of job readiness is actually done in the W-2 program in Milwaukee County and to examine the initial W-2 program categories (called "tiers") and activity assignments that have emerged from this assessment process. How has the vision in the state statute and guidelines actually been implemented in Milwaukee County? What important shifts in policy and practice have emerged? What issues have arisen, and how have they been addressed? Finally, what lessons can be drawn from W-2's approach to assessment?

I. What Is the Assessment Task, and Why Is It Especially Important in W-2?

Every welfare program has to develop a way to identify the appropriate services and participation expectations for its participants. When a welfare applicant enters an agency, staff must determine whether she[4] is eligible for assistance. If she is eligible, they must also determine what specific services are most appropriately suited to facilitate her transition to economic self-sufficiency. Over the last three decades, different approaches have been emphasized. Some programs emphasized formal assessments involving standardized tests of adult basic education skills (including reading, math, and writing), while others relied more heavily on informal assessments of an applicant's work and education history, attitude, and personality. Still other programs conducted a labor market test of employability through immediate job search to ascertain whether further services were needed. Many programs incorporated aspects of each of these approaches, depending on written policy, caseworker style, and the caseworker's perceptions of clients' capabilities.[5] In general, however, this assessment process — whether formal or informal — largely determined the specific activities that a person had to participate in and did not affect the fundamental terms of assistance, such as whether the person would receive a cash grant and how much this grant could be.

Compared with many other state welfare programs, the basic structure of W-2 is unusual and quite specific. Unlike other state programs, the Wisconsin state statute and program rules

[4]To ease reading, this report uses the pronoun "she" to refer to W-2 participants. About 97 percent of the W-2 participants in Milwaukee County are female.

[5]In W2, the staff member playing this key casework role is called a financial and employment planner, or FEP. At times in this report, the terms "caseworker," "line staff," and "FEP" are used interchangeably.

establish four tiers, or categories, for W-2, sometimes conceptualized as four "rungs" of the W-2 employment ladder: unsubsidized employment (the applicant is either employed or deemed job-ready); subsidized trial jobs (similar to grant diversion under AFDC); community service jobs (CSJs); and W-2 transitional (W-2T) placements. These tiers, as discussed more fully in Chapter 2, imply specific services, cash grants, and participation expectations. For example, participants assigned to the upper two tiers (unsubsidized employment and trial jobs) do not receive a cash grant, and their income comes from wages earned while working, whereas participants assigned to CSJ and W-2T placements are eligible for grants of $673 and $628, respectively. Though these four tiers have received the greatest public attention concerning W-2, the financial and employment planners (FEPs) who make decisions about W-2 placements also have other options for categories outside this four-tiered structure. For example, they can offer the short-term option of case management with *a cash grant and no participation requirement* to mothers who have recently given birth, and they can also provide case management *but no cash grant* to pregnant women, minor parents, and noncustodial parents.

In practical terms, the principles and policies of W-2 require that the service provider staff typically must choose the appropriate W-2 tier and activities for an applicant within seven working days of the formal intake interview.[6] When an individual formally applies to the program, a FEP, who is intended to be the continuing contact person for a participant, is responsible for making decisions about the applicant's employability, her initial service needs, her appropriate W-2 tier placement and activity assignment, and her employability plan, which outlines a specific course of action. Under state policy, these decisions can be based on an informal assessment, and a more formal assessment can be done after intake and enrollment.

The State of Wisconsin has contracted with nongovernment agencies (some of which operate for profit) to administer the W-2 program in Milwaukee County.[7] This special aspect of W-2 program administration is increasingly of interest nationally as jurisdictions consider new ways to provide services. For administrative purposes, Milwaukee County was divided into six regions, and contracts were issued for both the cash assistance and the service aspects of the program.[8] During the first two years of W-2 administration, the five Milwaukee County W-2 service providers (one agency received a contract for two regions) were funded through contracts that provided a specified level of funding; contractors were allowed to retain a share of any unspent funds and to allocate other unspent funds to additional services within their region. In these first contracts, in place from 1997 through 1999, the incentive to hold down spending was lessened by the relatively high level of funding per person served. Total funding was set prior to the start of the contracts, based on caseload projections that proved to be much higher than actual caseloads. Thus, statewide W-2 spending on cash assistance and services was only 59.7 percent of the original contractual limit during the first year of W-2; and within Milwaukee County (where caseload

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[6]Under some limited circumstances, the period can be extended for up to 30 days, but this is not commonly done.

[7]See State of Wisconsin, Legislative Audit Bureau, 1999. This topic will be covered in more detail in a forthcoming report by Fred Doolittle and Michael Wiseman.

[8]Because Food Stamps and Medicaid remain federal entitlement programs, eligibility determination for those programs has remained in the hands of public sector employees. And because Wisconsin operates state-supervised, county-administered Medicaid and Food Stamp programs, Milwaukee County W-2 agencies have to coordinate their activities with Milwaukee County workers.

reductions were a smaller percentage than statewide), W-2 service providers spent 81.0 percent of the contractual limit. In the second round of contracts, covering the period 2000-2001, funding is based on the reduced caseloads — increasing the pressures on service providers to hold spending within this limit — and the payment approach has been restructured to provide performance bonuses of up to 7 percent of spending for agencies that meet various performance standards related to service participation and job placement.

Local W-2 service provider staff who make the decision about an applicant's W-2 tier are operating within an unusual combination of specificity of structure and discretion in administration. While the structure of the program is described in detail in statute and policy manuals, the process for choosing the appropriate tier is much less prescribed, in two ways:

1. *State statutes and guidelines have not specified in detail how to select the appropriate tier.* They have identified the kinds of factors that need to be considered and a general process for making the choice, but have not stated decision rules for how tiers should be selected. For example, FEPs are expected to rely on an informal assessment of the applicant's recent job search efforts, work history, education, skills, interests, and abilities to determine whether the applicant is ready for unsubsidized employment.[9] (This is discussed further in Chapter 2.) Over time, as is the case in many programs, the state guidelines have become somewhat more prescriptive, addressing specific issues or controversies arising in the course of administering the program or specifying particular activities or services that must be offered to categories of clients. But on the key decision about the W-2 tier, the guidelines remain fairly general.[10]

2. *Decisionmaking is decentralized to the local agencies operating W-2.* As a state-supervised and locally administered program, counties or — in the case of Milwaukee County — nongovernment organizations actually administer the program. (As noted above and discussed in Chapter 2, the administration of W-2 in Milwaukee County has been contracted out to five nongovernment agencies.) By design, W-2 gives these agencies discretion in many areas of program administration, in an effort to hold these agencies accountable for success in achieving program goals and to shift monitoring away from intermediate processes. Thus, the FEPs making the decision about the appropriate W-2 tier are employees of the local agency and operate within a framework of state policy and the dictates of their own agency procedures, but they still must exercise discretion as they make their decisions.[11]

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[9] *Wisconsin Works Manual*, Section 5.1.0.

[10] For example, the critical page in *Wisconsin Works Manual* describing the initial assessment has remained unchanged over the three versions of the manual between 1997 and 1999, except for the addition of a sentence stating that the FEP must document all assessment information in CARES, the state's automated record system. The 1999 version of the manual does include a new lengthy appendix on employment-readiness screening, but this guide does not mandate any particular approach.

[11] The new appendix to the 1999 policy manual explicitly acknowledges the need for local W-2 agencies to pick from the variety of formal or informal assessment practices.

The assessment process and tier assignment decision deserve attention because they have potentially high stakes for both the applicant and the agency; they affect the level of income support that the applicant receives and that the agency must pay. Though FEPs over time may learn more about the circumstances and employability of participants and may change a person's tier and activity assignments, the initial decision is important because it sets the ground rules (cash grant, services, participation expectations) under which a family enters W-2. If the initial decision that an applicant is job-ready (and thus ineligible for a cash grant) is inappropriate, the family may endure further economic hardship. Similarly, misjudging the applicant as not job-ready also has consequences, though they are less stark: The agency will expend funds (out of a limited funding pool)[12] on a grant that could have been avoided, and the client will use up a portion of her 24-month eligibility (for those W-2 tiers that provide a cash grant or an employer subsidy) and of her 60-month lifetime limit on W-2.[13] If an applicant is judged not job-ready but is inappropriately assigned to the CSJ tier instead of the W-2T tier, she may be unable to meet the participation requirements for the services included in her employability plan and may be subject to sanctions and strikes that result in grant reductions or that bar her permanently from program participation.[14] Finally, there are also indications that the assessment decision may have become more complex over the first two years of W-2 because of changing policies and practices and, possibly, changes in the characteristics and circumstances of applicants and recipients.

This early decision about W-2 tiers and services presents a complicated management and administrative problem for the agencies operating the program and a potentially confusing and troubling event for an applicant. The decision must be made very early in the agency staff's interactions with the applicant, when there is little trust and rapport and little chance to observe and understand what the applicant might bring to a job search and what employment barriers might be present. In addition, the decision must be made during a relatively short intake interview that also must collect information needed to establish eligibility for the program and to set up the CARES computer record needed to authorize any service.[15]

II. The Purpose of This Report and the Framework for Analyzing the Assessment Process

This report explores how five agencies in Milwaukee County have responded to the challenges of making initial decisions about W-2 tier assignments and examines what decisions they

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[12]As with other TANF programs, W-2 is not an entitlement; in theory, then, funding could be entirely expended, and applicants could be denied assistance. Under the W-2 contracts, agencies are able to retain a portion of unspent funds, thus creating another possible consequence of an incorrect assessment decision.

[13]Under W-2, there is a five-year lifetime time limit on participation in the program and a 24-month time limit on participation in the trial jobs tier (which provides a wage subsidy to employers) and in CSJ and W-2T placements (the two tiers that provide a cash grant to the participant). Extensions of these time limits can be granted if the local W-2 service provider recommends an extension and the state approves it.

[14]Under W-2 rules, an agency can assess a recipient a "strike" for failure to meet program requirements without good cause. If a recipient receives three strikes while in a W-2 tier, she is permanently barred from that tier.

[15]CARES (Client Assistance for Re-Employment and Economic Support) is the statewide automated record system used in W-2 and other assistance program administration. In W-2, this system is used to establish eligibility and to record case management activities.

have made. The story includes actions of the state, which has influenced the way the program operates; of the agencies that operate the program; and of the line staff (FEPs) who meet with the applicants and make the eligibility and service decisions. The story has also been shaped by the labor market conditions and the effects of prior welfare reforms, which produced a decline in the caseload even before the implementation of W-2.

This initial chapter discusses why assessment is an important topic, the framework for analyzing it, an overview of our findings, and reflections on the findings' implications for policy. Chapters 2 and 3 describe the W-2 program in Milwaukee County, relying on field research and administrative records. Chapter 2 provides background on W-2 and its implementation in Milwaukee County. Chapter 3 brings into the discussion the contextual influences, examining changes in the W-2 caseload in Milwaukee County over the first two years of the program, the characteristics of those entering the program during this time, and the initial W-2 tier and activity assignments made for these applicants. This analysis examines whether there were changes in the characteristics of applicants over this time period and changes in initial W-2 tier assignments.

Chapters 4 through 6 provide an in-depth look at how initial tier assignment decisions have been made in Milwaukee County, relying on data collected through observations of 100 intake interviews. Chapter 4 launches this detailed look at the assessment process within the five Milwaukee County W-2 agencies by examining the environment in which early assessment decisions are made. Chapter 5 describes the topics that FEPs and applicants discuss during the intake interview, which focuses on both income support and work support processes. Chapter 6 examines how FEPs make decisions regarding applicants' initial tier and activity assignments, and it identifies the guiding practices that seem to have emerged in this decisionmaking context.

A. Two Administrative Functions: Income Support and Work Support

The analysis begins by recognizing that W-2 service providers are expected to perform two different human service functions:[16]

1. *Income support processes.* Through public assistance, society provides economic support to those who meet a program's eligibility rules. One important human service function is to determine whether an applicant meets these eligibility rules and, if so, to work through the various steps to set up a client's case and begin payments. Because there is often controversy about ineligible or undeserving people receiving aid, the process of eligibility determination and establishing a case is typically complex and time-consuming and requires both a detailed inquiry about the basis of eligibility and a checking of documentation.

2. *Work support processes.* Public assistance programs also seek to help applicants and recipients become more self-sufficient by encouraging efforts to leave assistance, identifying barriers to employment, providing services designed to address such barriers, and supporting efforts to find and retain work.

[16]This classification scheme is based on Hasenfeld, 1983, Chapter 1; some terminology has been adapted to fit the W-2 context.

> Success in this function requires the caseworker and client to develop a mutual understanding of the client's individual and family strengths and interests, the reasons why the family has come to rely on assistance, and an agreement about an individualized plan for the client to achieve economic self-sufficiency through work.

Within W-2, the intake interview with a FEP is a crucial step in serving both these administrative functions. During the interview, W-2 eligibility must be determined, and the various steps to establish a case in CARES are undertaken.[17] The interview also is the point at which the FEP must make an initial determination of the most appropriate mix of services to help move the client toward self-sufficiency. As discussed in Chapter 4, the W-2 intake interview has a very full agenda, and there is a tendency for the income support processes (eligibility determination and setting up the case) to compete with the work support processes (building rapport, assessing strengths and needs, and designing a service plan).

B. The Complexity of Human Service Administration

The complexity encountered in program implementation is a common theme in the literature of human service administration. Yeheskel Hasenfeld has observed the attributes of human services that contribute to the complexity.[18] These organizations work with people in a way different from other organizations; people are the "raw material" for human service operations. Because people are vested with a moral value, the service processes ("technologies") must be morally justified, and every decision has moral consequences. While agreement may exist at the abstract level about the goals of a human service program, implementation calls for normative choices in a society characterized by interest groups upholding competing values and norms. The moral debate about human service programs implies that agencies operate in a turbulent environment where adjustments in program designs often reflect the clash of competing interests. The "technologies" available to operate human services do not provide certainty or complete knowledge about how to attain the desired ends.

In addition, human service organizations are influenced by the larger environment in which they operate. In the case of organizations providing public assistance, the environment can affect both the characteristics of those seeking services and the service options available. When there is a strong demand for workers and many employment opportunities in the community, employers are more likely to "take a chance" on job applicants who do not fit their usual hiring requirements. Thus, unemployed people in this type of labor market who seek public assistance may have more severe barriers to employment than would be found when unemployment is high and jobs are scarce. Further, the nature of the program and messages conveyed in the community about the balance of support and obligations involved in participating in the program will also influence who applies. Finally, because human service organizations often need to refer clients to other organizations in the community for specialized services, the range of service offerings and the availability of program slots are important influences on their operations.

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[17] If an applicant lacks sufficient documentation, she may have to make a return visit to complete the intake process.

[18] Hasenfeld, 1983, Chapters 1 and 3.

The foregoing description of complexity applies well to W-2 implementation and to the assessment process in the context of Milwaukee County.[19] Supporters and critics of W-2 are conscious of the moral aspects of the issues; they balance their competing concerns differently and continue to engage in a public debate about appropriate policy. This debate has affected the program over time and, at key points in program administration, has led to a significant change or clarification of some aspect of the program. One early example concerned the practice of assigning an unemployed applicant to the unsubsidized employment tier, which does not provide any cash grant. Following a heated debate about this practice — which some legislators argued was contrary to legislative intent — the state issued new policy guidelines narrowing the circumstances in which the unsubsidized tier could be used. This shift was important in building greater legitimacy for the W-2 program in the public debate.

The program has evolved over time as the state agency has changed or clarified policy and local agencies have tried new approaches. Over the course of the first two years of W-2 administration, several of the Milwaukee County W-2 agencies made major changes in their intake process to address what they saw as the shortcomings of their previous approach. For example, agencies increased the information collected from applicants at the initial contact, and they experimented with different amounts of formal testing prior to assigning applicants to a W-2 tier. These decisions were influenced by the larger policy debate about W-2 administration. Further, many local staff report being acutely aware of how they are perceived in the public debate, and they seek to develop policies to influence public perceptions.

Finally, the tools available to assess applicants' job readiness are not foolproof. Experience has shown the difficulty of using such characteristics as basic demographics, work history, and education level to predict at intake (1) which applicants will be able to find and keep a job with little service, (2) who will need more support and services to do so, and (3) what those services should be.[20] Program experience and research suggest that personal and family circumstances and attitudes may also be important predictors of success in the job market and may override the influence of grosser measures of job readiness, such as education credentials or work history.[21] Though W-2 agencies in Milwaukee County may differ in how much weight they place on a formal assessment process, all are conscious of the uncertainty they face as they make complex decisions without full information. Further, the tools for identifying a client's barriers to employment may be more developed than those for identifying her assets and strengths in searching for a job. The traditional emphasis on barriers poses a special problem in a program that is seeking to avoid a deficits/barriers orientation. This report, and especially Chapters 4 through 6, describes how W-2 agency staff have responded to the turbulent environment and to the complexity of their administrative tasks through a variety of strategies to simplify and structure their work.

C. The Role of Discretion in W-2 Program Administration

A word on our underlying orientation to this type of implementation research is also important. A common type of implementation research, often called "discrepancy analysis," seeks

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[19]This conclusion is based on field research during the initial two and a half years of the program and on a review of press coverage and other W-2 research.

[20]For an earlier discussion of the difficulties of assessment, see Sherwood and Auspos, 1992.

[21]Danziger et al., 2000.

to understand whether a program was implemented *as intended* in the original statute.[22] We believe that statutes address many but not all possibilities encountered in any type of program administration and that the likelihood of encountering specific circumstances not anticipated or covered in the statute (or even in the implementing regulations or guidelines) is especially high in human service programs. As Michael Lipsky has observed, "Certain characteristics of the jobs of street-level bureaucrats make it difficult, if not impossible, to severely reduce discretion."[23] Lipsky notes that "street-level bureaucrats" (his term for line staff directly dealing with clients) often work in circumstances that are too complicated to be reduced to programmatic formats and that often require responses to the human dimensions of situations.[24]

The role of discretion in W-2 administration is further heightened by choices made at the federal and state levels. The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 gave states and localities increased discretion in designing and administering welfare programs, and, in Wisconsin, the W-2 program passes significant areas of discretion on to the local service providers. The program's designers felt that W-2's objectives would best be achieved by working with the most effective service providers, creating opportunities for them to craft programs to local conditions, and relying on market and performance mechanisms rather than on detailed regulation of administrative process. Because of W-2's goal of providing local service agencies discretion in some key areas of administration, by design the program does not specify how to address every circumstance that arises. Inevitably, the nitty-gritty of program administration (such as making decisions about W-2 tiers) has to be worked out in daily routines and practices at the line staff level.

This research, therefore, starts from an acknowledgment that there is no complete template against which to compare actual program administration. Our first purpose is descriptive: what is actually being done in W-2. At points in the analysis, we compare practice with W-2 statutory language and policy statements. We also compare observed practice with possible measures of good administration or appropriate service to applicants. For example: Was the structure of the intake interview conducive to an exchange of important information? Were important topics discussed? Did the interview strike a balance between eligibility determination (the income support process) and service assessment and planning (the work support process), or did one function dominate? Were issues that the applicant raised acknowledged? Recognizing, however, that there can inevitably be differences of opinion on what these measures of good practice should be, our most common response to a policy dilemma is to identify and clarify the trade-offs faced and the implications of the options.

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[22]See, for example, Corbin and Boehnen, 1997.

[23]Lipsky, 1980, p. 15. In some aspects of his work, Lipsky is discussing the covert exercise of discretion by line staff in human service agencies, whereas W-2 deliberately rests discretion in the FEPs.

[24]Not all income support programs fit this description. As Joel Handler points out, the highly routinized Social Security retirement program has a very different feel to its administration. For a related argument, see Handler, 1986.

III. Overview of the Findings

The W-2 process calls for an early decision about an applicant's initial W-2 tier and activities, and this decision must be made by the time the person formally becomes a participant in the program. An applicant in Milwaukee County goes to one of the W-2 regional offices operated by the nongovernment agencies. She typically first meets a receptionist, who refers her to a resource specialist for an initial interview. The resource specialist inquires about the type of help she is seeking and encourages her to consider options other than W-2. If the person follows up on other options, this is called a "diversion." But if the applicant expresses continued interest in W-2, the resource specialist collects some information about her (the amount varies among the five Milwaukee agencies) and then schedules an appointment with the supportive services planner (SSP), who is a Milwaukee County employee, and with the financial and employment planner (FEP). The SSP asks for information about the circumstances of the applicant; determines eligibility for Food Stamps, medical assistance, and child care; and sets up the applicant's case in the CARES data system used in the administration of public assistance programs in Wisconsin. The applicant then meets with a FEP, who is an employee of one of the five W-2 agencies, for an intake interview. The FEP is charged with making the decisions about the applicant's W-2 eligibility and her tier and activity assignments.

Although applicants are assessed at several points during their involvement in W-2 and the state requires only an informal assessment at intake, the majority of FEPs we surveyed see the intake interview as the most helpful source of information available to them in making an initial W-2 placement. The interview provides an opportunity for the FEP to meet the applicant, review the information collected by the SSP, and ask further questions about the applicant's circumstances, interests, and barriers to employment. Recognizing the importance of the intake interview, we focused especially on that, observing 100 intake interviews between FEPs and applicants in the summer and early fall of 1999. These observations reinforced the importance of this step in intake. At the time of our observations, intake interviews in four of the five agencies made little mention of information from prior formal assessments (tests, questionnaires, etc.) done by resource specialists. Furthermore, in these four agencies, formal assessments were scheduled on a case-by-case basis after enrollment in the program. Thus, in most agencies, the information collected by the SSP and the information and informal impressions from the FEP's intake interview with the applicant appear to be the most important determinants of initial tier and activity assignments.

Based on agency practice in place during the observation period, an intake interview typically lasts about an hour and usually takes place in a semiprivate cubicle — a setting in which nearby conversations can often be overheard. Because the FEPs conducting intake interviews generally also have a W-2 caseload (and may have a caseload of participants in the Food Stamp employment and training program), clients or other agency staff often contact them with questions or information. The W-2 intake interviews are therefore often interrupted by phone calls from other clients and by in-person inquiries from other staff.

The intake interview is structured primarily by the sequence of CARES computer screens that must be completed to establish W-2 eligibility and set up the case. Some topics that relate to establishing eligibility were consistently discussed in the interviews we observed: the W-2 goal of work, the W-2 rules, the W-2 payment cycle. Other aspects of the program (such as sanctions

and strikes) were discussed less frequently. The observed interviews heavily emphasized the documentation that applicants needed in order to verify eligibility.

The discussion of topics that relate to job readiness and the formation of an employability plan varied considerably from interview to interview. The applicant's education level, child care needs, transportation difficulties, and household composition — which appear to apply to all applicants — were covered in more than two-thirds of the observed interviews. Some controversial issues, such as the presence of domestic violence or labor market discrimination, were discussed in very few interviews.

Recognizing the goal of assigning an applicant to an initial W-2 tier and activities within seven working days, most FEPs select an assignment by the end of the intake interview and convey this decision to the applicant. While there are options for further assessment within this seven-day period or an extension of the time frame, most of the FEPs we observed did not schedule additional appointments to collect more information. Some FEPs reported that the short time for the intake interview and the goal of making a decision within seven working days push them to make a decision sooner than they would like.

W-2 agency staff have responded to the complexity of assessing applicants and the time pressures of the intake process by taking the following approaches:

1. *Collect information through testing and other formal assessment tools before the intake interview.* Some agencies do testing and other formal assessments earlier in the intake process, with the resource specialist (rather than the FEP) taking the lead. Others have the resource specialist collect information about the applicant through a questionnaire. During the period of our observations, this strategy was an important source of information in only one agency; but during prior periods, other agencies have also used formal testing of an applicant's basic skills before the intake interview with the FEP.

2. *Rely on informal assessments obtained during the intake interview.* A key component that FEPs consider in deciding an applicant's initial tier placement is the overall "feel" of the applicant, based on their assessment of such factors as previous job history, education, interests, attitude, and personality. The intake interview offers a face-to-face discussion that yields important information about the applicant's overall employment strengths and barriers.

3. *Narrow the range of options.* One of the W-2 tiers (trial jobs) is rarely used. Other tier assignments are driven by easily observed parental status: Minor parents and noncustodial parents are not eligible for grants, whereas parents of newborns are. The category of case management without a grant (designed for those who are ready for unsubsidized employment) is restricted to applicants who are employed or who state in writing that they desire this option and do

not want other W-2 services.[25] Thus, the real choice for the majority of applicants is between the community service job (CSJ) tier and the W-2 transition (W-2T) tier.

4. *Develop guiding practices for making tier assignments that rest on fairly rudimentary characteristics of the applicant and on the FEP's impressions from the intake interview, intending to adjust things later.* Often the choice between the CSJ and the W-2T tier is driven by the applicant's education, some simple measure of work history, or clear and demanding family responsibilities. In many cases, FEPs see the CSJ tier as the catchall; if they do not have a specific reason to put an applicant in the W-2T tier, they will place her in the CSJ tier.

5. *Assign activities that allow staff to conduct further, more formal assessment after a person has enrolled in W-2.* Within either the CSJ or the W-2T tier, there are specific activities that involve further assessment of participants. In some services or activities, the client's performance in the assignment is observed, to learn more; "immediate engagement" CSJ work sites[26] and workshops on work readiness provide such opportunities. Other services and activities may be explicitly designed for formal assessment.

6. *Recognize that there is flexibility in the assignment of specific activities within the CSJ and W-2T tiers.* In addition to deciding an applicant's tier, the FEP identifies specific activities for each participant and thus can fashion a combination of activities in either CSJ or W-2T that makes the distinction between these tiers less distinct. For example, participants in W-2T can be placed in a work experience activity or even job search, while those in CSJ can (and in some cases must) be assigned education services.

In sum, consistent with the intent of W-2, the Milwaukee County agencies are generally reinforcing the work orientation of W-2 during the intake process and are assigning applicants to a W-2 tier within the required seven-working-day period. But they are tugged in several directions. They typically do not conduct an extended formal assessment of applicants prior to program intake, in part because of the work orientation of the program and in part because of the time pressures of the intake process. Further, they are grappling with the tasks of assessing the job readiness of applicants and of setting up the W-2 cases so that participants can receive income support.

The larger context within which the Milwaukee County W-2 agencies operate has also affected the program and their decisions and has led to changes in the initial assessments of clients over time. Key influences have been the continued strong labor market, changes in state policy, and the cumulative effect of the strong emphasis on work and self-sufficiency in state welfare

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[25] In a period prior to our observations, applicants were assigned to this category without being employed or agreeing to it in writing. This practice changed in early 1998, although advocates for applicants have raised concerns that agencies may not clearly explain these options.

[26] An immediate engagement CSJ work site is an assignment in which clients are placed to assess their job readiness and ability to appear for work. Most such assignments involve little skill-building.

reform efforts. These factors have enhanced job prospects, reduced the percentage of the public assistance caseload who are exempt from program participation requirements, and increased the obligations for those receiving public assistance. For these reasons, it is possible to hypothesize that people who entered W-2 in recent months might have more barriers to employment than people who entered the program at its start. Milwaukee County W-2 agency staff do report that they are now working with a less job-ready population. Nonetheless, comparisons of common measures of job readiness — such as education, age, number of young children, and language barriers — do not show large differences between applicants in the first year of the program (during the conversion from AFDC and the remainder of that year) and applicants in the second year of operations.

There are several possible explanations for the perception among agency staff that a growing proportion of W-2 participants have substantial barriers to employment. It may be the case that agency perceptions are based largely on the growing proportion of the onboard W-2 caseload facing substantial barriers to employment. Suppose that recipients who converted from AFDC to W-2 and who had relatively few barriers to employment gradually left W-2 as the overall caseload declined *and* that recipients who had substantial barriers to employment remained on the rolls for an extended period. This would produce a greater proportion of the onboard caseload with substantial employment barriers even if applicants' characteristics did not change. Further, W-2 agencies are expected to work in some fashion with all recipients; this change could "surface" barriers of recipients who would previously have been exempted from program participation requirements. Alternatively, applicants in later periods may have presented more complex circumstances, subtle barriers to employment that do not show up in basic demographic characteristics, and special assessment challenges. This hypothesis cannot be tested with the data available for this report.

Despite uncertainty about whether the characteristics of applicants have changed, there have been changes in the initial W-2 tier assignments for those entering the program. Our analysis identified three cohorts of entrants: those coming onto W-2 during the period of conversion from AFDC (October 1997 through March 1998), those in the remainder of the first year (April through October 1998), and those in the second year of operations (November 1998 through October 1999).

Four noticeable trends in initial tier assignments have emerged. First, the percentage of entrants initially assigned to the CMC category (taking care of a newborn) has increased, reflecting a change in the demographics of applicants. During the earliest period, most entrants were converting from an ongoing AFDC case; during the latest period, most had not been on AFDC when the program ended, and a higher percentage were applying for assistance following the birth of a child. Second, the percentage initially assigned to the CSJ tier has declined from 58 percent in the earliest cohort to 45 percent in the latest cohort, although CSJ still remains the most common assignment. Third, there has been a gradual increase in the percentage initially assigned to W-2T.

Finally, the percentage initially assigned to the unsubsidized employment tier has declined, reflecting a complicated series of counteracting changes among the subcategories within this tier. The percentage coming onto W-2 while employed (and assigned to CMU, or case management unsubsidized employment) dropped substantially across the three cohorts (from 24 per-

cent in the earliest cohort to 2 percent in the latest). This was partly countered by an increase in the percentage of people initially assigned to the CMS category (job-ready but not employed) and to case management follow-up (those who have found a job and are returning to W-2 for ongoing case management).

Another, similar trend has emerged in the pattern of initial assignments to individual activities. Over time, FEPs have become more likely to assign entrants to specific W-2 activities that are designed to address substantial barriers to employment and to engage participants more fully in W-2. Within the CSJ tier, for example, the percentage of entrants initially assigned to further orientation and extended enrollment, education, employment training, and soft-skills training (work readiness, job retention, and parenting) all increased over time. Within the W-2T tier, soft-skills training, physical and mental rehabilitation, education, and orientation and extended enrollment all increased, whereas employment search declined.

This overview of the W-2 intake process in Milwaukee County and the resulting tier and activity assignments for clients illustrates the complexity of the tasks involved, the typical guiding practices in place, and the changes over time in the resulting initial tier assignments. Much of the description of the "nuts-and-bolts" of the intake process may strike readers as familiar and more similar to what is happening in other welfare reforms than do other aspects of W-2. Indeed, in any assistance program, the basic administrative processes involved in the required intake tasks do have a strong homogenizing influence on what daily life is like for the frontline agency staff.

There are differences, though: W-2's strong emphasis on work and economic self-sufficiency, its effort to shift the focus toward the assets that an applicant brings to a job search and away from an emphasis on employment barriers, and its requirement for a relatively quick initial assessment are distinctive. The results reported here are presented in the context of dramatic declines in the caseload, the emergence of a caseload with more subtle and more complex barriers to employment, and an evolving agency focus on providing more substantial services as they gained experience with the early cohorts, who were gradually approaching the two-year time limits on participation in the CSJ and W-2T tiers.

IV. Reflections on Implications for Policy and Practice

The foregoing description of the W-2 intake and assessment process and resulting tier assignments is food for thought in the continuing discussions about striking the right balance among the many goals of W-2 and other TANF programs. The original design of W-2 involved the up-front selection of a service strategy (tier) based on an early informal assessment of applicants. This approach rests on the assumption that it is possible to assess people's employability and, therefore, to provide more than one mix of services and cash assistance, depending on this early informal assessment. For the most job-ready in W-2, the mix was no cash but case management and other supportive services; for the least job-ready, it was cash plus services.

The implementation experience reported herein suggests two lines of continuing inquiry:

1. Does the early-assessment model need to be refined or modified in light of the emerging caseload?

2. Is employment the appropriate goal for all entrants and the guiding principle of assessment, or should we consider a new option — something between W-2 and programs like Supplemental Security Income (SSI) — which presumes that a person is *un*employable?

A. The Early-Assessment Model and Changes in the Caseload

The W-2 assessment model essentially remains as originally designed, although a higher percentage of the caseload are now presenting multiple and/or severe barriers to employment that make the goal of immediate work elusive.[27] Such barriers include, for example, the medical condition of the applicant or a family member, very weak education skills and labor force attachment, and unstable housing situations. In addition, it may take longer to assess employment barriers because of verification requirements, the reluctance of an applicant to disclose barriers early in the intake process, and/or the lack of assessment tools that facilitate early detection of chronic or multiple employment barriers.

Recent research in other contexts suggests that similar problems may be emerging nationally. Several recent reports have examined the incidence and employment impact of such barriers as health and mental health problems, domestic abuse, responsibilities to care for family members, and discrimination in the workplace. Generally, this research finds that such problems occur often enough to be concerning and can have a substantial negative effect on the chances that a person will find and keep a job.[28] Of importance to this discussion is that many of these barriers are often hard to assess quickly and can have as much influence or more on the likelihood of employment as do more traditional indicators of employability, such as education. If such barriers to employment are not identified early, initial assignments to W-2 tiers and activities may be less likely to "stick," resulting in a loss of staff time as well as a portion of a participant's W-2 time clock.

Early and relatively quick assessment as envisioned in W-2 clearly presents trade-offs. Given the complexity of the employment barriers for many entrants and the need for appropriate assessment, is quick assessment — within the seven-working-day limit — an appropriate norm for clients? Is the emerging practice of an initial informal assessment followed by further, more formal assessment as deemed appropriate by agency staff a good response to this dilemma? Can early assessment be more formalized within the context of W-2, given its focus on employment and on participants' assets rather than barriers?

One approach would be to focus refinements on identifying relatively low-incidence but important barriers to employment that might otherwise be missed. If these involve conditions such as mental health problems or domestic abuse, about which applicants might be hesitant to reveal their circumstances, more extensive early assessment carries the risk of alienating applicants by subjecting them to broader, more intrusive inquiries. So the search should be focused on relatively quick screening approaches that can be used for many applicants and that might trigger more extensive assessment when needed. Another goal would be to identify tools that can help agencies set priorities when a client has multiple barriers, decide which barriers must be ad-

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[27]This statement is based on field research with the W-2 agencies and on the changing pattern of assignments to W-2 activities.

[28]Danziger et al., 2000; Polit, London, and Martinez, 2000; Shore, 1997.

dressed prior to employment, and establish a sequence of services, some of which would continue after employment.

In follow-up discussions with W-2 staff in Milwaukee County, most reported an increase in their agency's use of formal assessment tools after making initial tier assignments. For example, when asked to compare the formal assessment tools used during summer 1999 and summer 2000, YW Works reported adding the Employee Reliability Inventory (ERI), the Barriers to Employment Success Inventory (BESI), the Job Search Attitude Inventory, and myriad psychological evaluations. In essence, the agencies remain in compliance with the W-2 requirement for early informal assessment, but they supplement this with additional, formal assessment tools after intake.

The W-2 agencies in Milwaukee County have also responded to the early-assessment challenge by reorganizing the case management function. Instead of having the FEP serve all the needs of a mix of W-2 participants, many agencies train specialty FEPs who have smaller caseloads that require more intensive case management. For example, a FEP with special training and prior experience may exclusively serve participants who have mental health problems, or face domestic violence, or are dependent on alcohol or drugs. Agencies have also responded by expanding their base of subcontracted specialty service providers.

B. Employment as the Goal

Despite agency attempts to reorganize the W-2 case management function, staff remain concerned about the low likelihood of employment for an increasingly large proportion of participants who have multiple, complex, long-term barriers and also face time limits. For these individuals, informal and formal agency assessments reveal employment barriers that are most likely long term, particularly involving documented health issues of the participant and/or a dependent child or adult.

Without a clear road map for handling such participants, a common approach is to encourage them to apply for SSI. However, many W-2 participants may not qualify for SSI, and its application process is often arduous even for those who meet its entrance requirements. The temporary safety valve for these cases is to apply for time-limit extensions, but ultimately W-2 and TANF are time-limited programs.

If the goal of employment is unrealistic, the situation may be unfair for both the agencies and TANF participants. Is it reasonable to expect agencies to reach employment goals for cases with complex barriers? Is employment a viable option for these people? If so, how are reasonable employment goals to be determined? If not, how can social policy more effectively meet the needs of people who fall through the programmatic rungs of W-2's employment ladder? Clearly, these are important questions for agencies, employers, and participants.

Chapter 2

An Overview of W-2 Administration in Milwaukee County

This chapter describes the basics of Wisconsin Works (W-2) program administration in Milwaukee County, presenting more detail about the structure of the program and the key tasks that W-2 service provider staff must perform during the intake stage. The discussion illustrates that many complex tasks must be accomplished during intake and that staff inevitably face choices in emphasis. It also briefly describes the Milwaukee County service providers, setting up discussions of caseload and W-2 assignment patterns in subsequent chapters.

I. The Administration of W-2 in Milwaukee County

A. The Underlying Philosophy and Contract Structure

Public assistance in Wisconsin has traditionally involved local service providers in a state-supervised, locally administered system. The Division of Economic Support, located in the Department of Workforce Development (DWD), is the state agency responsible for the overall administration of W-2. The program's strong reliance on market mechanisms and performance measures continues a pattern that was present before TANF.[1] Prior to W-2, there were two different sets of contracts, for benefits and for employment services. Under Aid to Families with Dependent Children (AFDC), county Department of Human Services staff conducted eligibility determinations under contract with the state. The funding for this eligibility determination process was largely driven by a formula based on caseload size, and the funds for cash grants did not go through these county contracts but were paid directly through CARES, the state's automated record system. For employment services under the Job Opportunities and Basic Skills Training (JOBS) program, there were separate performance-based contracts that to some extent linked payment to outcome measures like job placements. In some counties, including Milwaukee County, the county government did not operate the employment services program itself; rather, employment services were provided by other agencies (the state employment service and nongovernment agencies) under contract with the state.

With the start of W-2, the cash benefit and employment services aspects of assistance were combined into one contract, and nongovernment entities were eligible to bid. Previously, under AFDC, private entities had been prohibited from determining eligibility for cash grants; only public sector workers could perform this function. With the passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) in 1996, Temporary Assistance for Needy Families (TANF) replaced AFDC and allowed states to contract with "charitable, religious or private organizations" for the administration of TANF services. This change permitted private and/or nonprofit sector employees to determine TANF eligibility and provide case management and em-

[1]Because of the importance of contracting in W-2, a forthcoming report will discuss this aspect of the program in detail.

ployment services. However, the rule that required public sector determination of eligibility stayed in place for Food Stamps and Medicaid, which remain federal entitlement programs.

The W-2 contracts in place through the end of 1999 required contractors to assume the risk that program costs would exceed the contract value (that is, that costs would be greater than committed revenue) and allowed contractors to retain a portion of unexpended contract funds if the costs they incurred where less than committed revenue.[2] Unexpended funds equal to 7 percent or less of a contract's value were retained by the contractors to be used in any manner they wished. Any additional unexpended funds were divided as follows: 10 percent to the contractor, with no restriction on its use; 45 percent to the contractor to be reinvested in the community, for services for low-income individuals; and 45 percent to the state for use in any manner appropriate under the approved state W-2 plan. The contract funds were expected to support three types of expenditures: (1) cash benefits paid to participants or subsidies paid to employers for participants in trial jobs; (2) direct service expenditures, including case management, training education, and similar activities; and (3) administrative expenses, such as salaries, fringe benefits, the cost of space, data processing, and other overhead. The third category administrative expenses was limited to 10 percent of the contract's value.

Funding levels for this initial round of contracts were set in early 1996 based on assumptions about the size of the public assistance caseload. As AFDC phased out and W-2 evolved, the public assistance caseload declined substantially in Wisconsin and in Milwaukee County, as discussed in Chapter 3. Thus, provisions about contractors' retention of funds became quite important.

B. The Milwaukee County W-2 Service Providers

All Wisconsin counties were given the opportunity to become the W-2 provider without facing competition if they earned "the right of first selection" based on specific caseload reduction, job placement, and AFDC expenditure criteria. Of the state's 72 counties, 67 ultimately earned the right of first selection, though a few chose not to exercise it.[3] For Milwaukee County, these criteria were not met, and ultimately the county government chose not to bid to become a service provider.[4] As noted below, several of the agencies administering the AFDC employment program in the county did chose to bid and were selected.

In preparation for W-2, the state divided its most urban county, Milwaukee County, into six geographical regions averaging 3,500 AFDC participants each. The state then issued a request for proposals to solicit applications from organizations that were interested in becoming a local W-2 provider.

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[2]For background on the contracting structure in W-2, see State of Wisconsin, Legislative Audit Bureau, 1999; and Dodenhoff, 1998.

[3]Dodenhoff, 1998.

[4]Milwaukee County retained several roles related to W-2. County workers continued to determine eligibility for Food Stamps and Medicaid, authorized payment for child care, and operated part of the W-2 community service jobs program. The Milwaukee County Private Industry Council also received a contract from the state to perform contract administration functions for the five organizations operating W-2 in the county.

In January 1997, five agencies were selected to implement W-2 in Milwaukee County; four of the agencies (all but Maximus) had been employment service providers under the prior program.

- **Region 1: YW Works.** Founded in 1996, YW Works began as a limited-liability, for-profit organization formed from three partners. YWCA of Greater Milwaukee, the managing partner of YW Works, is a nonprofit organization that has a 105-year history in the community, with experience in management and employment training. CNR Health, Inc., is an organization that provides health care management and employee assistance programs nationwide; its particular strengths in this partnership include working with risk-based contracts, expertise in technology, and experience with alcohol, drug, and domestic violence issues. The Kaiser Group, Inc., a for-profit organization, had more than 17 years' experience in workforce development and skills training; as of January 2000, it is no longer a partner in YW Works.

- **Region 2: United Migrant Opportunity Services, Inc. (UMOS).** UMOS, a nonprofit, community-based organization, was founded in 1965 to provide services to migrant and seasonal farm workers and other at-risk, underserved targeted populations throughout the state of Wisconsin. Prior to W-2, UMOS provided program services in JOBS, JTPA, and FSET.

- **Region 3: Opportunities Industrialization Center of Greater Milwaukee, Inc. (OIC).** OIC is a nonprofit organization founded in 1967 by the Reverend Leon Sullivan to provide employment services to low-income, inner-city residents in Milwaukee. Prior to W-2, OIC had been involved in administering JOBS, Pay for Performance (PFP), FSET, and JTPA.

- **Regions 4 and 5: Employment Solutions of Milwaukee, Inc.** Employment Solutions is a nonprofit organization that has been a subsidiary of Goodwill Industries of Southeastern Wisconsin, Inc., since the mid-1980s. In 1995, it became a JOBS center that has operated Pay for Performance and Self-Sufficiency First.

- **Region 6: Maximus, Inc.** Founded in 1975, Maximus is a for-profit firm that provides human services management in the areas of child support enforcement, case management, computer systems, Medicaid, AFDC, and Food Stamps; it also provides employment services for federal, state, and local government clients.

C. Demographic Characteristics of the W-2 Agency Caseload

As Table 2.1 details, during the first two years of W-2, Employment Solutions, Region 5, had the largest number of people entering W-2 (4,104), and YW Works had the smallest (2,450). Across all the agencies, most W-2 entrants were single, never-married females who were about 28 years old and lacked a high school diploma or a General Educational Development (GED) certificate. However, 40.8 percent of entrants at OIC were high school graduates. The majority of entrants at Employment Solutions, OIC, Maximus, and YW Works were black. UMOS served

Table 2.1

Demographic Characteristics of Household Heads in W-2, by Agency, from October 1997 Through October 1999

Characteristics	YW Works	UMOS	OIC	Employment Solutions (4)	Employment Solutions (5)	Maximus
Gender (%) ***						
Female	97.3	94.0	97.0	97.9	97.2	95.3
Male	2.7	6.0	3.0	2.1	2.8	4.7
Age (%) ***						
Under 18	0.3	0.5	0.3	0.5	0.3	0.4
18-19	11.3	6.3	8.5	9.5	9.8	10.4
20-24	27.6	25.6	28.0	29.1	29.9	29.2
25-34	38.5	42.9	42.2	41.6	40.3	38.2
35-44	19.0	20.8	19.4	16.8	17.0	17.9
45-54	3.3	3.5	1.5	2.3	2.6	3.7
55 or ove	0.1	0.5	0.1	0.1	0.2	0.3
Average age ***	28.3	29.3	28.3	27.9	30.0	28.2
Race/ethnicity (%) ***						
Asian-America	0.3	1.8	0.3	1.0	0.3	3.0
Black, non-Hispanic	75.6	15.2	87.3	81.7	86.6	54.5
Hispanic	6.0	38.1	1.1	1.3	0.7	9.2
American India	0.3	2.4	0.1	0.3	0.1	2.0
Southeast Asia	0.1	0.3	0.0	0.0	0.0	0.2
White, non-Hispanic	7.1	31.4	2.3	5.7	2.1	21.8
Other/unknow	10.6	10.9	9.0	10.0	10.1	9.3
U.S. citizen (%) ***	99.3	95.2	99.6	98.8	99.6	96.0
Language spoken (%) ***						
English	97.0	81.7	99.5	99.0	99.6	95.1
Hmong	0.1	1.4	0.2	0.7	0.2	1.4
Laotia	0.0	0.1	0.0	0.0	0.0	1.0
Spanish	2.4	16.6	0.2	0.3	0.2	2.1
Vietnamese	0.1	0.1	0.0	0.0	0.0	0.0
Othe	0.4	0.2	0.0	0.1	0.0	0.3
Education (%) ***						
High school graduate	36.8	32.0	40.8	36.6	38.0	37.2
GED or equivalen	3.2	3.2	3.0	3.1	2.9	4.4
Less than 12 years of schooling	60.0	64.8	56.2	60.3	59.1	58.4
Currently in school (%) ***	8.8	5.9	9.0	8.1	8.0	8.4
Marital status (%) ***						
Married	4.2	10.3	2.9	3.8	3.6	7.6
Single, never married	80.1	62.4	83.2	81.4	83.2	74.6
Divorced, separated, widowed	15.8	27.2	13.9	14.8	13.3	17.8
Has driver's license (%) ***	21.3	30.1	25.2	23.5	22.0	27.9
Has access to a vehicle (%) ***	13.2	22.4	14.5	14.7	13.5	19.1

(continued)

Table 2.1 (continued)

Characteristics	YW Works	UMOS	OIC	Employment Solutions (4)	Employment Solutions (5)	Maximus
Pregnant (%) *	6.3	6.9	6.1	6.6	5.4	5.2
Reported earned income during 1st month on W-2 (%) ***	18.5	21.5	19.1	17.6	19.4	20.1
Sample size	2,450	2,929	4,017	3,828	4,104	3,879

SOURCE: MDRC calculations using administrative data for W-2 participants from August 1997 to August 1999 provided by the Department of Workforce Development.

NOTES: The W-2 agencies are listed, from left to right, by regions; see text and Glossary for their full names and descriptions.

Milwaukee County was listed as the W-2 agency for 105 people who are not included in the numbers above.

Statistical significance tests determined which characteristics were significantly related to transitioning from AFDC to W-2. Three stars (***) indicate that a characteristic is significant at the .01 confidence level; one star (*) indicates a confidence level of .10

the most racially and ethnically diverse population, with the largest Hispanic (38.1 percent), white (31.4 percent), American Indian (2.4 percent), Asian-American (1.8 percent), and Southeast Asian (0.3 percent) populations. Most W-2 entrants (about three-quarters) in Milwaukee County did not have a driver's license, and an even larger group (about 85 percent) did not have access to a vehicle.

II. The Administrative Tasks During Intake

Of the several administrative tasks that must be accomplished in the W-2 intake process, some relate to the program's income support function, and others relate to its work support function.

A. Income Support Processes

The income support function includes two key tasks: determining eligibility and explaining program rules.[5] The two are closely related: Participants who meet the financial and nonfinancial eligibility criteria and who comply with required work or work-related activities may receive a cash grant and/or other W-2 services. Given the complexity of eligibility rules and program requirements and the need for satisfactory documentation in CARES, these basic administrative tasks can take substantial time and effort during early contacts with clients.

To be *financially eligible* for W-2, the income of the applicant's family group must be at or below 115 percent of the federal poverty level. Their assets must be at or below $2,500, excluding the combined equity of vehicles up to $10,000 and one home that serves as the homestead.[6]

To be *nonfinancially eligible* for W-2, applicants must meet 24 conditions. They must be a custodial parent; be 18 years of age or older; be a U.S. citizen or qualified alien; have lived in Wisconsin for at least 60 consecutive days immediately prior to applying for W-2;[7] cooperate, unless good cause or other exceptions exist, with paternity establishment and child support orders; assign the rights to child support or maintenance to the state unless they are participating in the full child support pass-through demonstration;[8] provide all requested documentation within seven working days; have made a good faith effort to obtain employment and not refused any bona fide offer of employment within 180 calendar days immediately preceding application; have cooperated with the W-2 agency's assistance in finding employment; not receive Supplemental Security Income (SSI); not receive Social Security Disability Income (SSDI); not participate in a labor strike on the last day of the month; apply for or provide a Social Security number for all

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[5]As is generally true under TANF, applicants for W-2 who meet the eligibility criteria are not automatically entitled to receive financial assistance.

[6]*Wisconsin Works Manual*, Section 3.1.0.

[7]The 60-day residency requirement was in place during the data collection period of this study, but it was eliminated in the 1999 budget.

[8]Under a special demonstration, Wisconsin is shifting to completely passing through child support payments to families receiving public assistance and is testing this through a random assignment study. Participants who are not receiving the full pass-through are still receiving some of the funds. Wisconsin officials have stated that they wish to shift to a full pass-through of child support and have expressed an intention to continue this policy after the end of the special demonstration, even in the absence of federal funding.

W-2 family group members; report changes in circumstances that may affect eligibility within 10 calendar days after the change; have no other W-2 family group member participating in a W-2 employment position; cooperate in providing information needed to verify enrollment information for the Learnfare (children's education) program; cooperate in the requirement to search for unsubsidized employment; cooperate in applying for other public assistance programs or resources that the W-2 agency staff believe may be available; cooperate with providing eligibility information for other members of the W-2 family group; cooperate with providing information for quality assurance reviews; not exceed 60 months of welfare participation as of the applicant's eighteenth birthday; not be a fugitive felon; not be violating a condition of probation or parole imposed under federal or state law; and state in writing whether the applicant has been convicted in any state or federal court of a felony that has an element of possession, use, or distribution of a controlled substance.[9]

The CARES system includes a series of computer screens that guide the financial and employment planner (FEP) through all the information required to establish W-2 eligibility. Some information has already been entered by the supportive services planner (SSP) in the prior interview determining eligibility for Food Stamps and Medicaid and setting up the CARES case. The series of computer screens varies depending on the applicant's responses to questions. For example, if an applicant reports ownership of a vehicle, this response brings up a screen with questions to establish whether the vehicle satisfies the W-2 assets test.

Agency staff must also explain the structure of W-2 and indicate the requirements that applicants must meet to receive assistance. As discussed in Chapter 4, this is done in a variety of ways, with the signing of the W-2 Participation Agreement (see Box 2.1) being a required step at the initial assessment meeting with a FEP. This agreement "outlines the basic rights and responsibilities associated with participation in a W-2 employment position."[10] Agency staff are expected to review the agreement in follow-up meetings with participants, especially if a participant "claims to have not known or understood a specific W-2 provision that is explained in the participation agreement."[11] Participants can also raise issues in a fact-finding process and can base their arguments on this agreement.[12]

B. Work Support Processes

As part of program intake, agency staff must determine the suitability of applicants for the various W-2 options. By W-2 policy, the agency is expected to "ensure that each participant: 1) enters the highest possible rung on the employment ladder on which the participant is capable of participating, and 2) moves up to the next appropriate rung at the earliest opportunity, with unsubsidized employment the ultimate goal."[13]

The W-2 statute requires that unless certain conditions for an exemption apply a FEP must determine an applicant's options within seven working days of the agency's initial

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[9] *Wisconsin Works Manual*, Section 2.2.0.

[10] *Wisconsin Works Manual*, Section 5.1.1.

[11] *Wisconsin Works Manual*, Section 5.1.1.

[12] This process is the subject of a separate MDRC report (Lynn, 2001).

[13] *Wisconsin Works Manual*, Section 1.2.0.

STATE OF WISCONSIN
DEPARTMENT OF
WORKFORCE DEVELOPMENT
Division of Economic Support

Box 2.1

WISCONSIN WORKS (W-2) PARTICIPATION AGREEMENT

I understand and agree that I am responsible for the well-being of myself and my family. Working is the best way to provide for my family. Wisconsin Works (W-2) may help me find and keep a job to meet my responsibilities. If I am placed in a W-2 employment position I agree to the following:

WORK RULES

- ❑ My goal is to find and keep a job. If I am placed in a W-2 employment position, I will still look for and accept a job.
- ❑ I will meet with a Financial and Employment Planner (FEP). I understand that if I am job-ready I may receive assistance in finding unsubsidized employment, but I will not receive a cash grant. If I am not job-ready, my FEP may put me into one of the following W-2 employment positions:
  - **Trial Job** - a job with an employer who may hire me permanently. If placed, my employer will pay me at least the minimum wage for the hours I work.
  - **Community Service Job (CSJ)** - a work and training activity that helps the community while helping me prepare for a job. I will receive a monthly grant in return for up to 30 hours per week in work and training activities and up to 10 hours per week in education and training activities.
  - **W-2 Transition (W2-T)** - activities that will help me prepare for a job. I will receive a monthly grant in return for up to 28 hours per week in W-2T activities and up to 12 hours per week in education and training activities.

If I am placed in a W-2 employment position, I will do all the activities in my Employability Plan. If I cannot do my required activities, I must report it to my FEP. If I have a medical reason that keeps me from working, I will get a written statement from an approved medical provider.

- ❑ I understand that my participation in each of the employment positions (Trial Job, CSJ or W2-T) is limited to 24 months. Total participation in W-2 employment positions is limited to 60 months.
- ❑ CSJ and W-2T payments will not increase if I have more children.
- ❑ I understand that W-2 work assignments will:
  - meet all federal and state labor laws and rules that apply;
  - meet all federal, state and local health and safety standards and be free of discrimination;
  - not require me to give up any labor or union rights; and
  - not replace a worker who is on strike, lockout, or involved in any other bona fide labor dispute.
- ❑ If I am in CSJ or W2-T employment position, my payment will go down by an hourly rate for each hour I fail to do what I was assigned to do without a good reason.

RESPONSIBILITIES

- ❑ I will help to legally name and/or locate the other parent(s) of my child(ren). If I fail to cooperate (3) times, I will not be eligible for W-2 employment positions or child care until I do or for six (6) months, whichever is longer.
- ❑ I will give proof of information needed within seven (7) working days of being asked. I will report changes in income, assets, and family structure within 10 days. I will report my child(ren) moving out of my home within five (5) days. If I give false information on purpose, I may be prosecuted.
  I will make sure my children go to school. If they do not go to school, my payments may be reduced.
  If I received a W-2 payment in error, I must pay it back.

(continued)

BEST COPY AVAILABLE

Box 2.1 (continued)

FAILURE TO PARTICIPATE

- I get "strikes" if I refuse or fail to participate without a good reason. If I get three (3) strikes while in any one of the employment positions (Trial Job, CSJ, or W2-T), I will not be placed in that employment position again.
- I understand I must tell my FEP immediately if I cannot participate because I do not have child care, cannot work because of a medical reason, or I have to go to court.
- I may not be eligible for help if I refuse to take a job, quit a job or get fired from a job without a good reason.

FIVE-YEAR TIME LIMIT

- Over my lifetime, I can only be in W-2 employment positions for a total of five (5) years (60 months). Each month I am placed in a W-2 employment position counts, even if I don't receive a payment because of a sanction. Time limits do not apply to Child Care Assistance, Medical Assistance, Food Stamps or case management.
- The time limit may not count while my child is under 12 weeks old. If my child was born more than 10 months after I first received AFDC/W-2, the time limit will count unless the child was the result of sexual assault or incest and I reported it.
- I understand that extensions of the five (5) year lifetime limit are granted only in unusual circumstances.

I understand and agree that:

- **I will not be eligible for a W-2 employment position if I do not sign this participation agreement.**
- **I may choose not to apply and save my limited months of eligibility for future need.**

I understand the penalties for giving false information or breaking the rules. I understand that if I give false information to receive W-2 payments (3) times, I may never get W-2 services again.

I agree to abide by all the provisions of this participation agreement. I agree that if I fail to meet any conditions for W-2, I may not be able to participate in the future.

Applicant Signature **Date**

Other Adult W-2 Group Member Signature **Date**

I have explained the conditions and requirements of participation in W-2 employment position and answered the applicant's questions to the best of my knowledge. I have witnessed the signature(s) on this participation agreement.

W-2 Agency Witness Signature **Date**

The Division of Economic Support is an Equal Opportunity Employer and Service Provider.

meeting with the applicant. W-2 policy encourages both an initial screening during the first stage of intake (a meeting with the resource specialist), as discussed later in this chapter, and an informal assessment by the FEP during the formal intake interview. The FEP is directed by policy to consider the applicant's "recent job search efforts, work history, education, skills, interest and abilities" in determining readiness for unsubsidized employment or other W-2 tier placements. During the seven-day period, the FEP may schedule other meetings to assess the applicant's skills and aptitudes more thoroughly. The application process can be extended up to 30 days only if the applicant needs additional time to meet eligibility verification requirements.

As discussed in Chapter 1, agency service providers are allowed considerable discretion in determining an applicant's W-2 tier placement. The Case Management Resource Guide included as Appendix V in the 1999 edition of *Wisconsin Works Manual* is intended to provide resources to assist FEPs as they decide on placements. Box 2.2 presents guidelines that FEPs should consider when making an assessment of job readiness; in general, staff are encouraged to adopt what in the employment field is sometimes called an "assets orientation" rather than focusing on "deficits."[14] Other parts of the policy manual provide a series of questions to consider asking during the initial intake interview relating to the applicant's current financial circumstances; alternatives to W-2 to meet the family's needs; resources available to the applicant; and the applicant's interests, aptitudes, and past experiences. W-2 policy also calls for assessment to be an ongoing responsibility and for FEPs to monitor participants' experiences in W-2 as a means to learn more about the types of barriers that clients may face in seeking and holding a job.

Even before the intake interview with the FEP, one early option is to assign an applicant who is considered job-ready to up-front job search as a condition of eligibility for W-2. Either the resource specialist or the FEP can assign this activity while the applicant is waiting for an interview appointment or is collecting needed eligibility verification or while the FEP is deciding on the appropriate W-2 placement. During this up-front job search, an applicant is not eligible for cash benefits (as is usually the case for those who are assigned to either unsubsidized employment or a trial job); an applicant may, however, be eligible for other assistance, including Food Stamps, Medicaid, child care, emergency assistance, and a job access loan.

C. Conveying a Message About W-2

In the course of the intake process, agency staff convey a message to applicants about the program, either explicitly through statements about expectations and goals or implicitly through what they emphasize in conversations and printed materials. W-2 strongly emphasizes employment, self-sufficiency, and exploring alternatives to public assistance. In the course of conducting initial meetings with applicants, staff inevitably transmit a message about the program. Chapter 5 discusses the interactions between staff and applicants in detail.

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[14]In programs for youth, the debate about an assets versus deficits orientation has been heated. For an illustration of the use of the assets orientation in designing youth programs, see Public/Private Ventures, 2000.

Box 2.2

W-2 Guidelines for FEPs When Assessing Job Readiness

- Conduct an informal assessment of the applicant's recent job search efforts, work history, education, skills, interests, and abilities.
- Assign up-front job search when appropriate. Job search may include agency programs such as job orientation and job-seeking skills training.
- Require formal assessment measures such as the Test of Adult Basic Education (TABE) or the Slosson Oral Reading Test (SORT) to assist in determining appropriate tier assignment.
- Focus on what individuals can do, rather than on what they cannot do.
- Focus on the individual's future employment goals, rather than on a detailed employment history.
- Consider employers' needs.
- Strike a balance between uncovering employment barriers and accepting excuses.
- Remove employment barriers by linking the participant with resources to address them.

SOURCES: Adapted from *Wisconsin Works Manual*, Sections 5.1.0 and 5.1.2; and Appendix V, Case Management Resource Guide, pp. 8-18.

III. The Programmatic Structure of W-2

As noted earlier, W-2 can be conceptualized as an employment ladder having four different levels of employment options, commonly referred to as "rungs" or "tiers" (see Figure 2.1). The uppermost tier is unsubsidized employment, followed by the trial job tier, the community service job (CSJ) tier, and the W-2 transition (W-2T) tier. Within each tier, the FEP can assign a variety of specific activities, as discussed in Section IV of this chapter.

A. The Unsubsidized Employment Tier

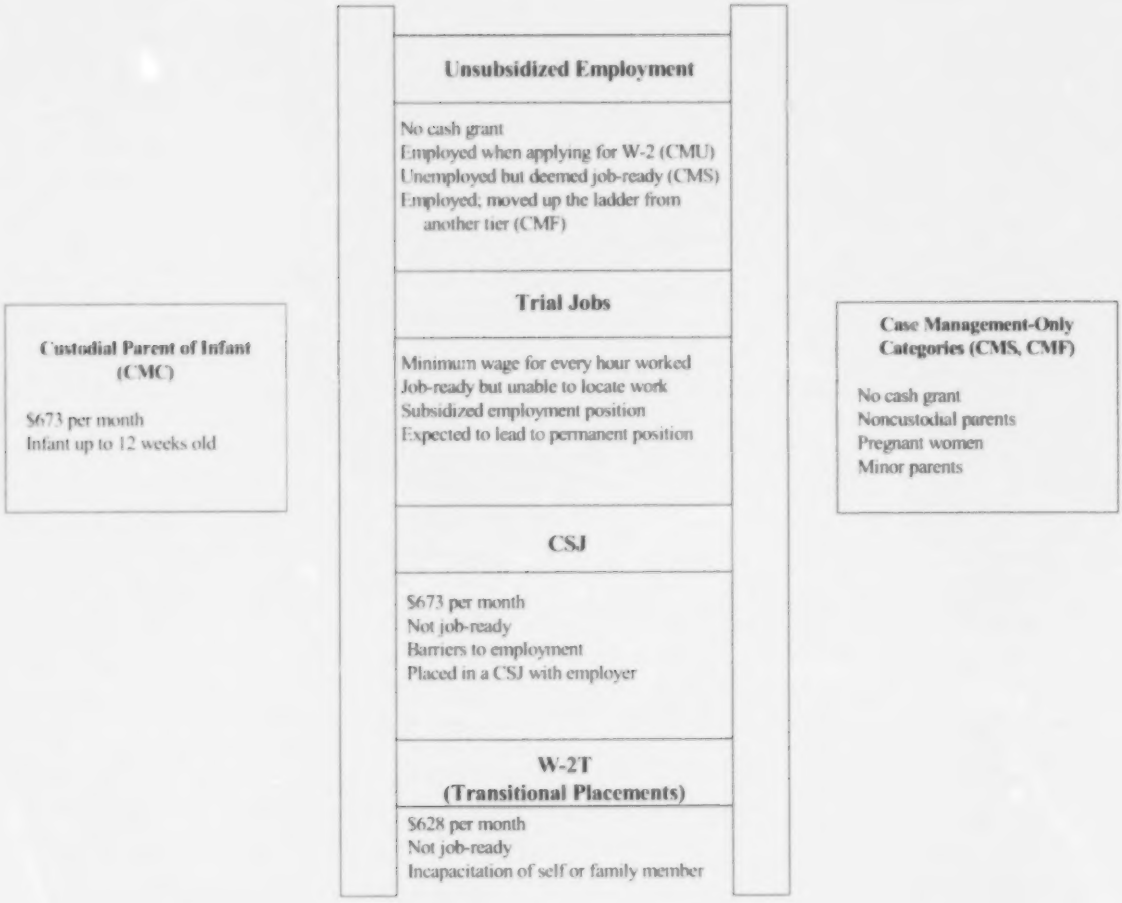
This top-level rung of the W-2 employment ladder is designed for individuals who are capable of working. If the applicant is employed or has a strong work history and job skills, the FEP may decide to place the applicant in the unsubsidized employment tier.[15] Persons in unsub-

[15] *Wisconsin Works Manual*, Section 5.2.1, p. 5.

Implementing W-2 in Milwaukee County

Figure 2.1

The W-2 Employment Ladder



sidized employment do not receive cash assistance, but they are eligible for earned income credits, Food Stamps, medical assistance, child care, and job access loans.[16]

There are three categories in the unsubsidized employment tier:

1. *Applicants who are employed* when they apply for W-2 may be categorized as an "individual working in unsubsidized employment" (case management unsubsidized employment, or CMU).[17]

2. *Applicants who are not employed* when they apply for W-2 but who are deemed to be capable of immediate, full-time employment may be categorized as an "unemployed individual capable of obtaining employment" (case management services, or CMS).[18]

3. *Individuals who have moved up the W-2 ladder* into unsubsidized employment and who receive follow-up case management services are coded as "employed individuals previously assigned to a subsidized employment position" (case management follow-up, or CMF).[19]

B. The Trial Job Tier

The second-highest rung of the W-2 employment ladder is designed for individuals who seem job-ready but are unable to locate unsubsidized employment due to a weak work history. Trial jobs are W-2 subsidized employment positions contracted between the W-2 service provider and an employer, typically for the participant's first three to six months of employment. Trial jobs are expected to result in permanent positions. State rules require employers to pay W-2 participants a wage comparable to that received by regular employees in a similarly classified position, and the participants must receive at least the minimum wage for every hour of work. The employer can receive up to $300 per month in subsidies for each W-2 employee.[20]

C. The Community Service Job (CSJ) Tier

The third rung of the W-2 employment ladder is designed for participants who are not ready for immediate employment. This tier is intended to provide participants with an opportunity to practice work habits and develop the skills that they need to succeed in an unsubsidized job environment. CSJ placements may be with public employers or with private nonprofit or for-profit employers. CSJ participants are expected to participate up to 40 hours per week, with up to

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[16]A job access loan is administered through the W-2 agency to assist a participant in overcoming an immediate and discrete financial crisis that prevents the participant from obtaining or maintaining employment (*Wisconsin Works Manual*, Appendix I, p. 6). Advocates for applicants have raised concerns about the low usage rates for these related social programs.

[17]*Wisconsin Works Manual*, Section 5.2.2, p. 7.

[18]*Wisconsin Works Manual*, Section 5.2.1, p. 5.

[19]*Wisconsin Works Manual*, Section 5.2.3, p. 7.

[20]State of Wisconsin, 1997.

10 hours per week allowed for education and training activities.[21] CSJ participants may receive a monthly payment of $673, but this is reduced by $5.15 per hour for each hour that a client fails to participate without good cause, as determined by the FEP.

D. The W-2 Transition (W-2T) Tier

The fourth, or lowest, rung of the W-2 employment ladder is designed for participants who have been deemed not ready for unsubsidized employment and are thus unable to participate successfully in one of the other W-2 tiers for reasons such as substantially limited employability or incapacitation of self or a family member. Within this tier, the client is required to participate in specific activities such as counseling, physical rehabilitation, or basic skills training; is providing care for a family member; and/or is receiving an alcohol and drug dependency evaluation and treatment. W-2T participants may be assigned up to 28 hours per week of such activities and 12 hours per week of education and training.[22] They may receive $628 per month in financial assistance, but this payment is reduced by $5.15 per hour for each hour that they fail to participate without good cause.

E. Other Case Management-Only Categories

Three additional case management groups are not formally represented on the W-2 employment ladder: noncustodial parents, pregnant women, and minor parents.[23] Noncustodial parents may participate voluntarily in W-2 and can receive case management services such as job search assistance and basic skills training. Pregnant women who are eligible for W-2 except that they do not yet have a dependent child may receive case management services, which typically include identification of employment goals and referrals to child care once it is needed. A custodial minor parent (under the age of 18, male or female) may receive case management services typically including high school and school-to-work preparation, family planning services, and information on available child care services.

F. The Custodial Parent of an Infant (CMC) Category

Another category not formally represented on the W-2 employment ladder is the custodial parent of an infant, or CMC. This category allows the parent of an infant who is 12 weeks old or younger to receive a monthly payment of $673 without any participation requirements.

IV. Overview of Client Flow in W-2

The basic client flow process operates similarly in each W-2 agency.[24] As depicted in Figure 2.2, a potential W-2 client generally meets with the receptionist on entering the agency. The receptionist determines whether the client is interested in employment or employment-

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[21] *Wisconsin Works Manual*, Section 7.3.1.2, p. 6. Education and training hours may be aggregated and front-loaded for a limited period to allow participants access to approved activities that exceed 10 hours per week at the beginning of their W-2 participation.

[22] *Wisconsin Works Manual*, Section 7.3.2.2, p. 13. Education and training hours may be aggregated and front-loaded to allow participants access to approved activities that exceed 12 hours per week.

[23] *Wisconsin Works Manual*, Sections 14.2.0, 14.3.0, and 14.4.0.

[24] Based on information from *Wisconsin Works Manual*, Section 1.6.3.

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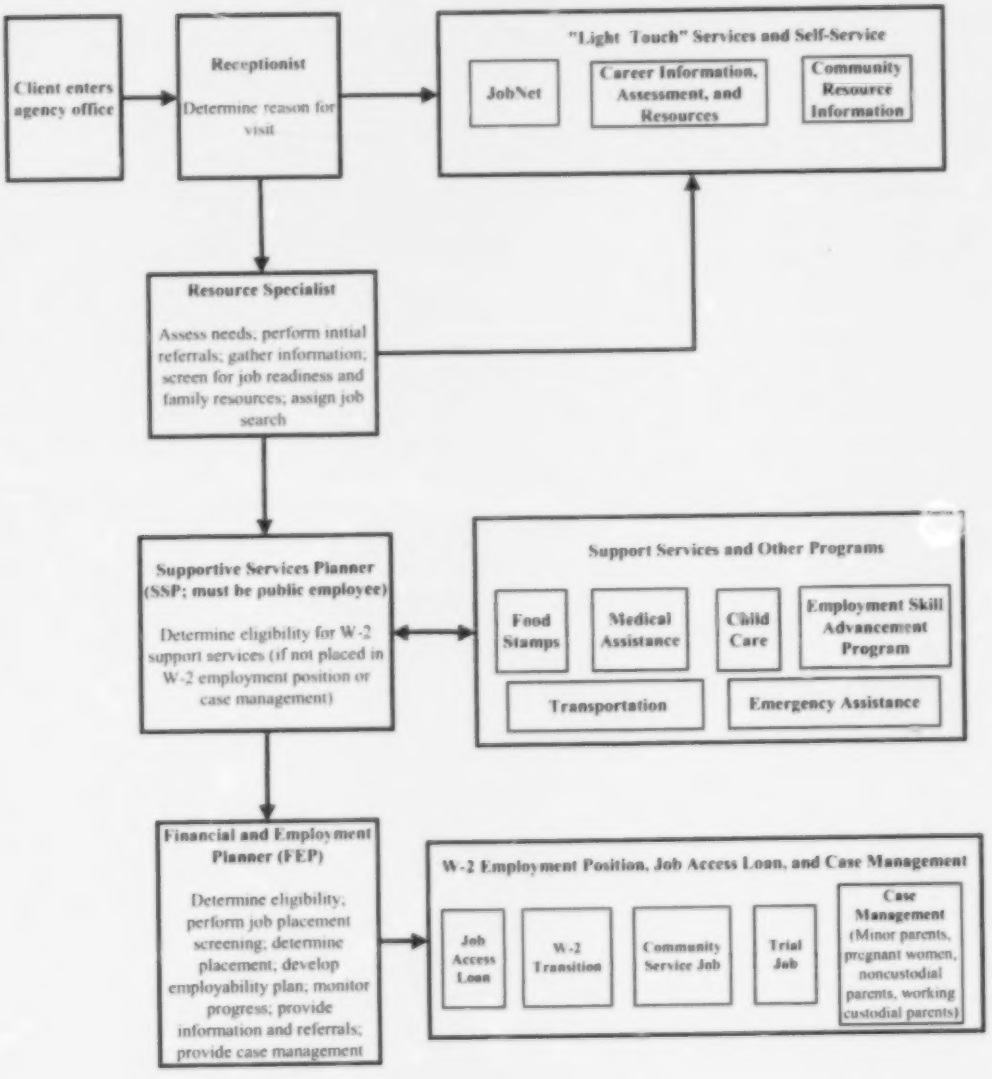
Figure 2.2

Model of W-2 Client Flow and Access to Services


Client enters agency office
Receptionist
Determine reason for visit
"Light Touch" Services and Self-Service
JobNet
Career Information, Assessment, and Resources
Community Resource Information
Resource Specialist
Assess needs; perform initial referrals; gather information; screen for job readiness and family resources; assign job search
Supportive Services Planner (SSP; must be public employee)
Determine eligibility for W-2 support services (if not placed in W-2 employment position or case management)
Support Services and Other Programs
Food Stamps
Medical Assistance
Child Care
Employment Skill Advancement Program
Transportation
Emergency Assistance
Financial and Employment Planner (FEP)
Determine eligibility; perform job placement screening; determine placement; develop employability plan; monitor progress; provide information and referrals; provide case management
W-2 Employment Position, Job Access Loan, and Case Management
Job Access Loan
W-2 Transition
Community Service Job
Trial Job
Case Management (Minor parents, pregnant women, noncustodial parents, working custodial parents)

supporting services and may direct the client to "light-touch" services available in the broader community or to self-service agency resources within the job center, such as JobNet or job center resource staff. If the client wants additional information regarding W-2 employment services, the receptionist will schedule an appointment with a resource specialist the same day or no later than the following working day.

The resource specialist's primary responsibilities are to make an initial assessment of the potential W-2 applicant's needs; to divert the individual to other resources, if she is willing to consider them; and to schedule subsequent meetings with other agency staff. The resource specialist collects basic information about the applicant's recent job search efforts, employment skills, work history, education, income, and assets. Based on this initial screening, the resource specialist identifies programs that support employment and self-sufficiency, which may include assigning job search activities and/or referring the applicant to other services available through the job center partners. If the applicant appears eligible for W-2 and wishes to proceed, the resource specialist refers her to a financial and employment planner (FEP).

The exact information conveyed to the applicant by the resource specialist varies, depending on the policies and norms of each W-2 agency and the needs of individual clients. Typically, however, the resource specialist provides an introduction to the general rules and participation requirements of W-2. Researchers at the Institute for Research on Poverty collected survey data from individuals who had contacted Milwaukee County W-2 agencies about services immediately after they had met with a resource specialist. Many general aspects of W-2 were correctly understood by about 75 percent of the applicants. Nearly 74 percent understood that work or participation in work-related activities is a condition of W-2; 77 percent correctly understood that W-2 payments are not proportionate to family size; 72 percent correctly understood that sanctions may be imposed for missing work; and 74 percent correctly understood the 60-month cash assistance lifetime limit for W-2. This suggests that resource specialists provide an introduction to the key programmatic aspects of W-2 and/or that applicants enter the agency with information that is provided by some other source. Even so, the more detailed aspects of W-2 were not as well understood. For example, the program incorporates a time limit of 24 months in any subsidized employment position. Only 52 percent of the applicants knew that there was a specific time limit for placements in a CSJ, and an additional 36 percent reported that they did not know whether there was any time limit. Similarly, 55 percent of the applicants expected a child care copayment, 25 percent did not expect one, and 24 percent did not know whether to expect a copayment or not.[25]

Under the original design of W-2, the FEP was to be the single person who performs all case management services for the W-2 participant, including determining eligibility for other programs such as Food Stamps, Medicaid, and child care. The goal was for the W-2 participant to interact with a single caseworker for all matters that concern participation, payments, and supportive services. The FEP was to provide eligibility determination, W-2 tier and activity assignment, case management, an employability plan, and any supportive services needed throughout a person's participation in the program.

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[25]Data are from personal communication between the authors and Professor Irv Piliavin, Institute for Research on Poverty, University of Wisconsin-Madison, 1999.

In several ways, practice at the Milwaukee County agencies differed from this model of "one FEP does everything." Most importantly since the state was unsuccessful in gaining a waiver from federal rules requiring that public service employees determine eligibility for federal entitlements a Milwaukee County supportive services planner (SSP) must make the medical assistance and Food Stamp eligibility determinations.[26] In addition, the SSP determines eligibility for other W-2 supportive services, such as transportation, child care, and emergency assistance. The SSP plays an initial role in setting up the applicant's CARES record for the W-2 eligibility determination process but does not determine eligibility for W-2 employment services. Therefore, it is important to coordinate the participant's case between the SSP and the FEP. Many of the W-2 agencies that we examined facilitate this coordination by aligning their cases so that pairs of FEPs and SSPs have a common caseload.

The coordination of services between W-2 agency and county staff was initially challenging for several reasons. As originally designed, W-2 allowed FEPs to complete all case management functions, and early plans eliminated county employees from this role, which created some resentment. When it was clear that federal legislation required that only county employees determine eligibility in these areas, relationships between the W-2 agencies and the county workers had to be repaired, and the agencies had to integrate the county workers physically and administratively into their offices. Another complication was that county employees operate under union contracts that specify work hours, job requirements, and work conditions. In essence, private sector FEPs and public sector SSPs were physically colocated, but they operated under different management structures, provided services on different schedules, and had to overcome initially damaged relationships. During the early months of W-2, these factors challenged the agencies to form important alliances with county workers in order to deliver coordinated services to W-2 participants.

A second change in the vision of the FEP's role occurred over time as W-2 service providers grappled with the trade-offs between establishing continuity of contact (one FEP does everything) and allowing specialization in complex aspects of the program. Over the first two years of W-2 in Milwaukee County, all the agencies gradually created specialized roles related to key aspects of the program. FEPs and similar staff specialized in conducting formal assessments of applicants and participants, in working with clients who presented special health or mental health issues, or in providing job development and retention services.

Other adjustments in the roles or activities of staff were made over the course of the first two years of W-2. One crucial issue was the degree to which the resource specialist (who meets with applicants before they meet the FEP) should begin a formal assessment. At a minimum, the resource specialist conducted an informal assessment of the applicant in order to suggest resources other than W-2 for the person to consider. At times, agencies chose to have these staff collect specific information using detailed questionnaires. For example, at YW Works in early 1999, the resource specialist's role was redefined to include collection of detailed information on housing, child care, and other potential barriers to employment; managers reported that they made this change because they believed they had missed things in the past that later turned out to

[26]Federal regulations require that public employees determine medical assistance and Food Stamp eligibility.

affect W-2 participation in important ways.[27] They instituted up-front data collection in order to provide the FEP with more information during the intake interview. (As discussed in Chapter 6, YW Works had a pattern of making a substantially more formal assessment than other agencies.) During the first program year, resource specialists at UMOS administered short basic skills tests prior to the intake interview, but this practice was discontinued in the second year.

This ambivalence about the role of resource specialists illustrates that W-2 agencies were aware that early formal assessment would not necessarily be seen as attractive by applicants, even though it might provide useful information. Agency staff recognized that formal assessment would undercut their efforts to distinguish themselves from previous welfare programs, which they characterized as having many bureaucratic forms and administrative hurdles.

With this overview of W-2 in Milwaukee County as background, Chapter 3 turns to a discussion of the evolving caseload and the initial W-2 tier placements made for applicants.

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[27] Interview with Tony Dziedzic, Operations Manager, YW Works, January 14, 1999. This is discussed in more detail in Chapter 5.

Chapter 3

The Evolving Milwaukee County Caseload and Patterns of W-2 Assignment

The administration of Wisconsin Works (W-2) in Milwaukee County began in September 1997, after a six-month planning period following the selection of contractors. The first task facing the new W-2 service providers was to "convert" recipients of Aid to Families with Dependent Children to the new program before AFDC formally ended on April 1, 1998. To do this, they had to conduct an outreach effort to the recipient caseload, arrange intake interviews for those seeking a transfer to W-2, determine people's eligibility for the new program, and assign those eligible to a W-2 tier and specific activities. Over the 28 months of the initial contract, the agencies also had to handle the intake of other W-2 applicants who were not converting from AFDC.

These tasks were affected by the larger context of the Milwaukee County labor market and prior reforms of welfare in the county, and the chapter begins by discussing these briefly. It then examines the percentages of AFDC recipients in August 1997 who converted to W-2 or other programs.[1] The continuing strong labor market and extended emphasis on welfare caseload reduction led many to expect that, over time, the W-2 applicants and caseload would increasingly include people who had more complex, more substantial barriers to employment.[2] The chapter explores this issue, using the results of interviews with W-2 service provider staff and administrative records to examine changes in the characteristics of people entering W-2 over time. This analysis of administrative records separates the entire applicant pool into three cohorts, and it has proved somewhat elusive to pin down the extent of changes in applicants' characteristics, suggesting that more subtle factors are involved. The chapter then describes the initial W-2 tier assignments that were made during the period, once again separating out three cohorts of applicants to see whether initial tier assignments did change. In fact, trends are observed over time in initial tier assignments, but they appear to have been caused by changing state policy and agency practice and, to some uncertain extent, by changing characteristics of applicants. The chapter concludes by disaggregating the foregoing analysis and describing the specific activities to which people in each W-2 tier were initially assigned. The differences over time in initial activity assignments have been substantial, reflecting the increased use in W-2 of education, extended orientation and assessment, employment training and soft-skills training, and physical and mental rehabilitation services.

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[1]Those not receiving AFDC in August 1997 may have received it in a prior month. However, given the efforts to reduce the welfare caseload through the predecessors to W-2 and the public attention surrounding the start of W-2, it seems likely that those still receiving AFDC in August 1997 may be a group worthy of examination. Further, W-2 agencies had an obligation to contact this group as part of the conversion process.

[2]This theme emerged in interviews with service provider staff and in conversations with policy analysts familiar with W-2.

I. The Larger Context: Milwaukee County's Labor Market and Welfare Reform

The Milwaukee metropolitan economy has had an extended period of low unemployment and job growth. During the recession of the early 1980s, unemployment rose to 12 percent in the Milwaukee-Waukesha metropolitan statistical area, but then it steadily declined through the remainder of the 1980s and was about 4 percent at decade's end. During the early 1990s, unemployment rose slightly, to about 5 percent, and then steadily declined again in the remainder of that decade, to about 3 percent. Total nonagricultural employment rose from about 745,000 in early 1990 to 840,000 in early 1999. Employment statistics for Milwaukee County (which forms the central city core of the metropolitan area) show the same trends, but the unemployment rates have been higher, and a substantial part of the recent job growth has occurred in the surrounding counties.

Welfare reform in Wisconsin did not begin with W-2. Well before the new program, a series of state initiatives involving policy changes and demonstrations of new approaches (under the prior AFDC waiver approach) began to emphasize employment and caseload reduction. Between 1986 and mid-1995, the AFDC caseload in Milwaukee County hovered between 35,000 and 40,000 cases. Starting in late 1995, the caseload began a steady decline, dropping to 25,000 in early 1997 and to 17,199 in August 1997, when W-2 began.[3] Starting in January 1997, the state began a series of changes intended to lead to the start of W-2 in September. Exemptions from the Job Opportunities and Basic Skills Training (JOBS) program the AFDC employment program were ended; special efforts were made to enroll AFDC recipients in the JOBS program; some aspects of AFDC that were incompatible with W-2 were phased out; and agencies were required to assign AFDC recipients who were participating in JOBS to pre-W-2 tracks (linking them to a W-2 tier assignment).

II. The Conversion Process in Milwaukee County

August 1997 was the last month that AFDC was fully implemented in Milwaukee County. In September, the W-2 service providers began the process of converting AFDC participants into the program, heading toward a state mandate that all AFDC cases be closed by the end of March 1998. Beginning in October 1997, the pre-tracked AFDC cases were automatically converted into W-2 through a process sometimes called "batch conversion." For cases that were not pre-tracked (largely those not participating in JOBS at the end of AFDC, many of whom had previously been exempt from JOBS), W-2 agencies were required to contact case heads and arrange for an in-person meeting to determine eligibility for W-2 and to make W-2 tier and activity assignments. Though the AFDC caseload had declined substantially from previous levels, this conversion process was hectic and at times controversial. The need to convert thousands of cases quickly into a new system that was just beginning created major stress for both the W-2 applicants and the W-2 agencies.

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[3]To permit a comparison with later W-2 figures, this last caseload number does not include nonlegally responsible relatives (child-only cases), families in which a parent was receiving Supplemental Security Income (SSI), or two-parent families. The first two categories of recipients could transfer to a special part of W-2 and are not normally tracked in its caseload figures, and the third category makes up a very small portion of W-2 participants.

The conversion from AFDC to W-2 in Milwaukee County occurred primarily during two periods: first in October 1997 and then between January and March 1998. Approximately 4,500 cases converted to W-2 in October 1997; these typically were either AFDC recipients who quickly cooperated with the new W-2 requirements or pre-tracked AFDC recipients who were handled through batch conversions. (Cases receiving cash assistance and cases receiving case management only are both counted as a conversion.) The second jump in conversions occurred just before the end of the AFDC program, reflecting that some welfare recipients delayed applying for W-2, that some found the initial conversion process daunting or confusing, and that some W-2 agencies tried to work with AFDC recipients as long as possible before deciding that the family would not make the conversion to W-2. The rapid pace of conversions during these two periods limited the extent to which W-2 agencies could provide in-depth, individualized intake and assessment for those entering the program at its outset.

By the end of March 1998, an analysis of data in the state's automated record system, CARES, shows that less than half (49 percent) of the caseload who were on AFDC during its final month of full implementation (August 1997) converted to W-2.[4] Some additional recipients who were on welfare in August 1997 appeared on the W-2 rolls past the March 1998 conversion deadline. Two years after the initial implementation of W-2 (in October 1999), 57 percent of those receiving AFDC in August 1997 had been enrolled in the new program for at least one month.

At the time of the conversion, great attention was paid to the efforts of the W-2 agencies to reach out to AFDC recipients and inform them about the new program, its requirements, and the process for converting their case. Under W-2, the agencies had to demonstrate that they had made extensive efforts to contact AFDC recipients before the agencies could close out a case without converting it to W-2. Advocates for welfare recipients focused on alleged shortcomings in exercising the "due diligence" required under the W-2 contracts, and at times the efforts of individual W-2 agencies were criticized.

In the final analysis, there were no substantial differences across the W-2 agencies in the rates of converting their AFDC cases. The percentage of AFDC recipients who converted to the W-2 service provider in their region varied across a fairly narrow range (from 43 percent to 49 percent). In five of the six regions, approximately 15 percent more AFDC recipients transferred outside their originally designated W-2 service provider; in the remaining region served by UMOS (an agency with a strong connection to the Hispanic community), only 6 percent of AFDC recipients transferred to another W-2 service provider. Overall, 82 percent of recipients who converted were enrolled in the program through the W-2 agency that served the region where they resided in August 1997, with the remainder appearing on the caseload of a different W-2 agency.

Two new programs were created to complement W-2, which partly explains the 57 percent conversion rate from AFDC to the regular W-2 program. Kinship Care and Caretaker Supplement (C-Supp) are programs created for cases that are not expected to adhere to W-2's work

[4]This percentage is similar to findings by the Hudson Institute and Mathematica Policy Research, Inc., which found that 44 percent of respondents in a survey began to receive W-2 assistance in the month after their AFDC ended. See Swartz et al., 1999; and Institute for Wisconsin's Future, 1998.

requirements and time limits. Kinship Care is for cases where children are the only family members eligible for public assistance, and C-Supp is for cases where the household head receives Supplemental Security Income (SSI). Roughly 23 percent of the AFDC caseload in August 1997 were eligible for Kinship Care and C-Supp.

As Figure 3.1 illustrates, this leaves 18 percent of the August 1997 AFDC caseload who did not enroll in W-2 within the first 25 months of implementation. In this exhibit, *early entrants* are AFDC recipients who enrolled in W-2 by March 1998, *middle entrants* are those who enrolled between April and October 1998, and *late entrants* are those who enrolled between November 1998 and October 1999. The early entrants correspond to recipients who converted before the end of AFDC.

An analysis by the State of Wisconsin Department of Workforce Development (DWD) summarizes the closure reasons reported in CARES for AFDC cases not receiving W-2 by October 1999.[5] Of 7,235 cases statewide, 53 percent had a closure code of employment, 15 percent had a code of excess household income (earnings plus unearned income), 19 percent had a code of choosing not to enroll in W-2 or not to have an eligibility review, and 5 percent had a code of choosing not to participate in W-2 requirements. Approximately half of this last category (nonparticipation in requirements) had a closure code of failing to provide information or verification. A separate DWD analysis of case closures suggests that the proportions for Milwaukee County were similar but that somewhat lower percentages of closures may have been for employment or excess income and slightly higher percentages for nonenrollment or choosing not to participate in program requirements.[6]

III. The Changing Characteristics of Applicants and Caseloads Over Time

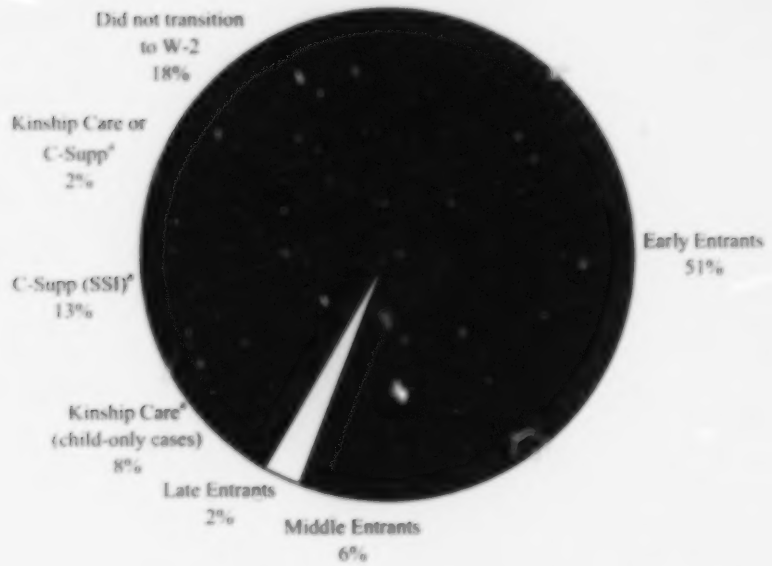
One central question of this chapter is whether the characteristics of welfare applicants have changed during the extended labor market expansion and public assistance caseload decline and, if their characteristics have changed, how this presented new assessment and service provision challenges for the W-2 agencies.

Given the strong labor market and the series of welfare reforms aimed at reducing the caseload, it is likely that any trend toward less job-ready applicants and caseloads started prior to W-2. One piece of evidence comes from an analysis using administrative records of welfare recipients during two time periods: the fourth quarter of 1995 (before the start of W-2) and the fourth quarter of 1997 (when W-2 began).[7] The authors conclude that recipients in the later period appear to have had more barriers to employment, but the findings present a mixed picture: The recipients in late 1997 were more likely to have low levels of education, more children, more very young children, and children on SSI; however, they were in somewhat shorter spells of welfare and had more recent work experience. Findings on welfare leavers during these two periods again show a mixed pattern: The rate at which people left welfare was higher in the later period;

[5]Tabulations were done by DWD and were provided by Paul Saeman on November 11, 2000.
[6]See State of Wisconsin Department of Workforce Development for the Web site detailing W-2 closures.
[7]See Cancian, Haveman, Meyer, and Wolfe, 2000.

Figure 3.1

Distribution of Former AFDC Recipients in Milwaukee County as of October 1999


Did not transition to W-2 18%
Kinship Care or C-Supp[a] 2%
C-Supp (SSI)[a] 13%
Kinship Care[a] (child-only cases) 8%
Late Entrants 2%
Middle Entrants 6%
Early Entrants 51%

SOURCE: MDRC calculations using administrative data for W-2 participants from August 1997 to August 1999 provided by the Department of Workforce Development.

NOTES: This distribution is for welfare recipients on welfare in August 1997, which was also the last full month that AFDC was implemented in Milwaukee County. Households participating in AFDC-U, the program for two-adult families, were excluded; there were 494 such households.

[a]Kinship Care is for cases where children are the only family member eligible for public assistance, and Caretaker Supplement (C-Supp) is for cases where the household head receives Supplemental Security Income (SSI).

about 70 percent of welfare leavers in both cohorts had some earnings in the year following welfare; and average earnings of leavers in the later cohort were lower. These findings are consistent with the hypothesis that a combination of welfare program changes and strong labor market demand pushed and pulled people off and away from welfare people who, in the earlier period, might have been on welfare; consequently, the caseload in late 1997 was less job-ready than the caseload in late 1995.

Another central question is whether there was a trend leading to a caseload with greater barriers to employment during the first two years of W-2. The first step was to look at the effects of the conversion from AFDC to W-2. Using AFDC and W-2 CARES records, we analyzed the characteristics of household heads who had received AFDC in August 1997, separating those who enrolled in W-2 for at least one month during its first two years and those who did not enroll during this period. (This analysis again excludes AFDC recipients who were eligible for Kinship Care or C-Supp and two-parent families.)[8] Although these administrative records contain fairly crude measures of family resources and job readiness, they do represent the type of information that is often used to identify subgroups within the welfare population.[9]

Table 3.1 shows the results of this analysis. Compared with W-2 participants, the group of AFDC recipients who did not enroll in W-2 included slightly higher proportions of married household heads, families with slightly fewer children, older heads of households, and families who reported having earned income during the last month of AFDC. The nonenrolling group also had a higher proportion of whites and a higher proportion of people with at least a high school diploma. Although these differences are small, it does appear that the nonenrolling recipients had somewhat more resources on which to rely. However, this information does not draw sharp distinctions between the two groups.

Interviews with W-2 agency staff and focus group sessions with FEPs, conducted in the fall of 1999, suggest that after the start of W-2 there may have been a further trend toward applicants with more substantial barriers to employment. Staff who were interviewed felt that the applicants and caseloads had changed so greatly over the first two years of the program that it affected their daily practice. For example, when asked during mid-1999 how they personally assessed their own job performance, many FEPs reported such factors as treating participants well and being treated themselves with respect, complying with CARES requirements for service assignments and documentation, and being on top of their caseloads. Several contrasted this situation with earlier days of the program, when they had focused on job placements and wage rates, and they explicitly linked the change in their definition of good job performance to the less job-ready applicants whom they were now serving.

This trend is somewhat difficult to document using administrative records and the kinds of characteristics often used in the past to define subgroups of welfare recipients. Table 3.2 uses CARES records to analyze the characteristics of three cohorts who entered W-2 during its first two years: *Early entrants* enrolled in W-2 by March 1998; *middle entrants* enrolled between April and October 1998; and *late entrants* enrolled between November 1998 and October 1999.

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[8]Others have also analyzed this issue. See Swartz, 1999; and Institute for Wisconsin's Future, 1998.

[9]For example, Danziger et al., 2000, contrast these traditional measures with the longer list of characteristics coming out of a detailed survey of job readiness.

Table 3.1

Demographic Characteristics of Household Heads in AFDC as of August 1997

Characteristics	Total AFDC Recipients in Aug. '99	AFDC Recipients Who Enrolled in W-2 Oct. '97 - Mar. '98	AFDC Recipients Who Enrolled in W-2 Apr. '98 - Oct. '99	AFDC Recipients Not Enrolled in W-2 by Oct. '99
Gender (%)				
Female	98.1	98.4	99.0	96.9
Male	1.9	1.6	1.0	3.1
Age (%)				
Under 18	0.3	0.2	1.1	0.2
18-19	8.8	9.0	11.4	7.1
20-24	27.3	28.0	31.0	23.7
25-34	40.6	40.8	39.3	40.9
35-44	19.4	18.9	15.2	22.6
45-54	3.1	2.9	1.9	4.0
55 or ove	0.5	0.3	0.1	1.6
Average age	28.7	28.5	27.2	30.1
Race/ethnicity (%)				
Asian-America	1.2	1.1	0.3	1.7
Black, non-Hispanic	67.6	69.9	74.3	58.5
Hispanic	9.4	8.3	5.7	14.1
American India	0.9	0.9	0.5	1.2
Southeast Asia	0.1	0.1	0.1	0.2
White, non-Hispanic	12.1	11.1	8.4	16.4
Other/unknow	8.7	8.7	10.7	8.0
Highest grade level completed (%)				
None	4.0	3.6	2.3	6.0
1st - 8th grade	4.4	4.0	3.0	5.9
9th - 12th grade	78.9	80.8	82.9	71.8
GED or equivalen	0.9	0.9	0.9	0.9
High school diploma	3.2	3.2	3.1	3.4
Beyond high school	8.6	7.5	7.7	12.0
Currently in school (%)	9.1	8.8	9.2	10.0
Marital status (%)				
Single/living alone	94.3	95.3	94.4	91.4
Married/living with someone	5.7	4.7	5.6	8.6
Wisconsin resident for life (%)	62.8	63.7	64.7	59.7
Number of children in household (%)				
None	3.0	2.9	1.9	3.8
1	34.0	31.9	36.0	38.6
2	28.9	28.6	29.8	29.4
3 or more	34.1	36.6	32.3	28.2
Average number of children	2.2	2.3	2.1	2.0

(continued)

Table 3.1 (continued)

Characteristics	Total AFDC Recipients in Aug. '99	AFDC Recipients Who Enrolled in W-2		AFDC Recipients Not Enrolled in W-2 by Oct. '99
		Oct. '97 - Mar. '98	Apr. '98 - Oct. '99	
Food Stamp recipient (%)	94.1	94.9	93.4	92.0
Reported earned income during August 1997 (%)	22.0	19.5	23.9	27.8
Sample size	17,199	11,248	1,841	4,110

SOURCE: MDRC calculations using administrative data for W-2 participants from August 1997 to August 1999 provided by the Department of Workforce Development.

NOTES: The sample excludes child-only cases, Supplemental Security Income, and two-parent households. Child-only cases were excluded because they were scheduled to transition to Kinship Care, not W-2. Household heads who received SSI were not scheduled to transition to W-2 either; instead, they were to receive the Caretaker Supplement (C-Supp). Two-parent households were excluded because the partner who transitioned from AFDC to W-2 cannot be identified.

Table 3.2

Demographic Characteristics of Household Heads in W-2, by Cohort, from October 1997 Through October 1999

Characteristics	Total W-2	Early Entrants Oct. '97 - Mar. '98	Middle Entrants Apr. - Oct. '98	Late Entrants Nov. '98 - Oct. '99
Gender (%)				
Female	96.5	97.1	96.0	94.6
Male	3.5	2.9	4.0	5.4
Age (%)				
Under 18	0.3	0.2	1.5	0.4
18-19	9.3	9.0	11.2	11.8
20-24	28.4	28.0	31.0	30.8
25-34	40.6	40.8	38.4	41.4
35-44	18.4	18.9	16.2	12.9
45-55	2.8	2.9	1.7	2.6
55-or ove	0.2	0.2	0.0	0.2
Average age	28.3	28.5	27.2	27.4
Race/ethnicity (%)				
Asian-America	1.2	1.4	0.9	0.6
Black, non-Hispanic	68.7	70.1	68.7	63.7
Hispanic	8.2	8.7	7.4	7.6
American India	0.8	0.9	0.6	0.7
Southeast Asia	9.9	0.1	0.0	0.2
White, non-Hispanic	11.1	11.3	10.2	11.3
Other/unknow	0.1	7.6	12.3	16.0
U.S. citizen (%)	98.1	98.1	98.2	98.1
Language spoken (%)				
English	95.9	95.3	97.2	96.0
Hmong	0.7	0.9	0.4	0.3
Laotai	0.2	0.3	0.0	0.1
Spanish	3.1	3.3	2.2	3.3
Vietnamese	0.0	0.1	0.0	0.0
Othe	0.1	0.1	0.1	0.2
Education (%)				
High shcool graduate	37.1	36.3	39.2	38.2
GED or equivalen	3.3	3.1	4.0	3.3
Less than 12 years of schooling	59.6	60.6	56.8	58.5
Currently in school (%)	8.1	6.7	8.6	12.4
Marital status (%)				
Married	5.3	4.8	6.1	6.4
Single, never married	77.9	77.9	77.7	78.1
Divorced, separated, widowed	16.8	17.3	16.2	15.5
Has driver's license (%)	25.1	23.1	27.9	29.5
Has access to vehicle (%)	16.2	15.6	16.8	17.9

(continued)

Table 3.2 (continued)

Characteristics	Total W-2	Early Entrants Oct. '97 - Mar. '98	Middle Entrants Apr. - Oct. '98	Late Entrants Nov. '98 - Oct. '99
Pregnant (%)	6.0	1.9	9.2	17.7
Reported earned income during 1st month on W-2 (%)	19.4	20.1	18.5	17.6
Sample size	21,313	13,822	3,726	3,765

SOURCE: MDRC calculations using administrative data for W-2 participants from August 1997 to August 1999 provided by the Department of Workforce Development.

NOTES: The sample excludes child-only cases, Supplemental Security Income,and two-parent households. Child-only cases were excluded because they were scheduled to transition to Kinship Care, not W-2. Household heads who received SSI were not scheduled to transition to W-2 either; instead, they were to receive the Caretaker Supplement (C-Supp). Two-parent households were excluded because the partner who transitioned from AFDC to W-2 cannot be identified.

As in the prior analysis using administrative records, there are some differences across the three cohorts but no overall stark differences in their characteristics over time. The clearest difference concerns pregnancy at program entrance: Only 2 percent of early entrants were pregnant, compared with 9 percent of middle entrants and 18 percent of late entrants. In part, this reflects that, over time, W-2 applicants who had *not* been receiving AFDC in August 1997 made up a larger proportion of entrants into the program.[10] Most of the early entrants had been receiving AFDC and shifted to W-2 with the conversion process, without any special event prompting their application. Among the later entrants, however, some event prompted them to apply for W-2, and about one in six of them was pregnant.

These various pieces of evidence might be reconciled by considering three factors. First, the comments of agency staff might have reflected their impression that an increasing proportion of the *overall W-2 caseload* presented special problems, and they might have transferred this impression to new entrants as well. Second, the focus on recipients with special barriers to employment increased over time as the AFDC JOBS program participation exemptions ended and as W-2 was required to engage all participants in some type of activity. Third, research by Danizger and others cited earlier found that many barriers to employment that are not traditionally included in analyses based on administrative records are, in fact, important determinants of employability; among these barriers are poor job skills, past experiences with employment discrimination, transportation problems, major depressive disorders, drug dependence, and health problems of the mother.[11] Such barriers do surface in interviews and through participation in program activities, and they are likely to be the source of agency staff perceptions of an increasingly less job-ready applicant pool and caseload and, thus, of a more complex assessment task.

IV. The Changing Tier Assignments Over Time

W-2 tier assignments do show a pattern of trends over time, probably largely because of changing policy and practice. Table 3.3 shows initial tier assignments for entrants into W-2, again distinguishing among early, middle, and late cohorts.

The percentage of entrants assigned to the unsubsidized employment tier declined from 29 percent of the early cohort to 22 percent of the middle cohort to 20 percent of the late cohort. Underlying this trend in the overall tier totals are different changes in the three categories within this tier. The percentage assigned to the "working" category declined across the cohorts, from 24 percent to 9 percent to 3 percent. The percentage assigned to the "job-ready but not employed" category was approximately 3 percent for the first two cohorts before rising to approximately 10

[10]Among early entrants, 81 percent had been receiving AFDC in August 1997, compared with only 35 percent of middle entrants and 15 percent of late entrants.

[11]Danziger et al., 2000; Polit, London, and Martinez, 2001.

Table 3.3

Initial Tier Assignments for W-2 Entrants by Cohort, from October 1997 Through October 1999

Tier Assignment (%)	Total in W-2	Early Cohort Oct. '97 - Mar. '98	Middle Cohort Apr. '98 - Oct. '98	Late Cohort Nov. '98 - Oct. '99
Unsubsidized employmen				
Job-ready but not employed	4.2	3.1	2.8	9.8
Employed	17.7	23.9	9.2	3.0
Follow up after on W-2	4.1	1.6	10.4	6.8
Trial job	0.2	0.2	0.1	0.0
CSJ	55.5	58.9	53.3	45.4
W-2T	9.0	7.6	10.9	12.3
Pregnant or minor or noncustodial paren	0.2	0.1	0.3	0.8
Taking care of newborn (up to 12 weeks)	9.1	4.6	13.0	21.9
Sample size	21,087	13,723	3,667	3,697

SOURCE: MDRC calculations using administrative data for W-2 participants from August 1997 to August 1999 provided by the Department of Workforce Development.

NOTES: The sample excludes child-only cases, Supplemental Security Income, and two-parent households. Child-only cases were excluded because they were scheduled to transition to Kinship Care, not W-2. Household heads who received SSI were not scheduled to transition to W-2 either; instead, they were to receive the Caretaker Supplement (C-Supp). Two-parent households were excluded because the partner who transitioned from AFDC to W-2 cannot be identified.

percent in the late cohort.[12] And the percentage assigned to the "follow up after on W-2 and working" category rose from 1.6 percent of the early cohort to 10 percent of the middle cohort (when people may have left W-2 and returned) and then declined slightly to 7 percent of the late cohort.

Other trends also emerge. The percentage of new entrants caring for a newborn increased over time, probably in large part as AFDC conversions ended and new people applied for W-2 upon the impending birth of a child. Over time, initial assignments to the CSJ tier also declined, whereas assignments to the W-2T tier increased. Throughout the period, the percentages assigned to the trial job tier and to case management only (being pregnant or a minor or noncustodial parent) remained low.

Table 3.4 presents the characteristics of those initially assigned to each W-2 tier and to the case management-only categories. Focusing on the four main W-2 tiers (unsubsidized employment, trial job, CSJ, and W-2T) reveals an interesting pattern. Those in the unsubsidized employment tier had as expected the highest levels of education, the highest rates of having a driver's license and access to a vehicle, the lowest likelihood of being pregnant, and the highest rate of employment in their first month on W-2. However, as a group, those initially assigned to W-2T had some similarities to those in the unsubsidized employment tier in terms of education, age, and the percentage with a driver's license. Differences are seen in their ethnicity, marital status, pregnancy, and access to a car. The unexpected similarities between the most and the least job-ready categories rest on two things: (1) the great variety of reasons for which a person can be assigned to W-2T, including the responsibility of caring for other family members, and (2) the presence within the W-2T group of barriers to employment other than the relatively straightforward measures shown in the table. Both factors are reflected in assignments to specific activities, as discussed below.

Table 3.5 shows the initial W-2 tier assignments that were made by Milwaukee County service providers. Across all agencies, relatively few entrants were assigned to trial jobs or to the pregnant or the minor or noncustodial parent categories that do not receive cash assistance. About 10 percent of entrants in all agencies were assigned to the category that provides temporary cash assistance to a parent taking care of a newborn. The percentages of assignments to the W-2T tier were highest at UMOS and Maximus. Of the remaining entrants (approximately 80 percent in each agency), the percentages assigned to the job-ready tiers were highest at OIC and UMOS. As mentioned before, these differences in assignment patterns reflect differences both in entrants' characteristics and in agencies' practices.

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[12]This trend must be interpreted with care, recognizing that in early 1998 a heated debate occurred over the practice of assigning unemployed applicants to the "job-ready but not employed" category. Responding to this controversy and to memos from the state, the service providers tightened the requirements for using this category. In field interviews during mid-1998, service provider staff reported that they generally would not assign an unemployed applicant to this category unless she only wanted case management services and access to other assistance programs and stated clearly that she did not want cash assistance. Our observations of intake interviews also support this change in practice. In addition, in the early months of W-2, during the conversion from AFDC, agencies were unsure of the definitions of the various categories within the unsubsidized employment tier, and the use of the category codes may have changed over time.

Table 3.4

Demographic Characteristics of Household Heads in W-2, by Initial Tier Assignment, from October 1997 Through February 1999

Characteristics	Unsubsidized Employment	Trial Job	CSJ	W-2T	Pregnant or Minor or Noncustodial Parent	Taking Care of Newborn
Gender (%) ***						
Female	96.1	100.0	96.7	92.5	100.0	99.9
Male	3.9	0.0	3.3	7.5	0.0	0.2
Age (%) ***						
Under 18	0.2	0.0	0.5	0.0	0.0	0.7
18-19	7.0	11.8	10.7	3.8	0.0	19.6
20-24	29.6	32.4	28.7	15.6	33.3	43.2
25-34	45.1	52.9	39.5	36.5	66.7	29.2
35-44	16.0	2.9	18.2	33.6	0.0	6.8
45-54	2.0	0.0	2.4	9.4	0.0	0.5
55 or over	0.2	0.0	0.1	1.2	0.0	0.0
Average age ***						
Race/ethnicity (%) ***						
Asian-American	1.4	0.0	1.0	2.6	0.0	0.5
Black, non-Hispanic	67.7	62.5	72.9	56.0	63.2	59.8
Hispanic	8.6	10.0	7.7	12.5	3.5	6.6
American Indian	1.0	5.0	0.7	1.2	1.8	0.8
Southeast Asian	0.1	0.0	0.1	0.2	0.0	0.0
White, non-Hispanic	13.9	12.5	8.2	20.7	10.5	11.1
Other/unknown	7.4	10.0	9.5	6.9	21.1	21.4
U.S. citizen (%) ***	98.0	100.0	98.3	96.4	100.0	99.0
Language spoken (%) ***						
English	96.1	96.3	96.0	91.2	100.0	98.1
Hmong	0.8	0.0	0.6	1.3	0.0	0.1
Laotian	0.2	0.0	0.2	0.7	0.0	0.0
Spanish	2.7	3.7	3.1	6.4	0.0	1.7
Vietnamese	0.1	0.0	0.0	0.0	0.0	0.0
Other	0.1	0.0	0.1	0.4	0.0	0.1

(continued)

Table 3.4 (continued)

Characteristics	Unsubsidized Employment	Trial Job	CSJ	W-2T	Pregnant or Minor or Noncustodial Parent	Taking Care of Newborn
Education (%) ***						
High school graduate	46.5	35.0	32.2	40.1	35.1	37.6
GED or equivalent	3.9	5.0	3.1	3.3	1.8	2.7
Less than 12 years of schooling	49.6	60.0	64.7	56.7	63.2	59.7
Currently in school (%) ***	6.3	12.5	8.6	3.6	22.8	13.6
Marital status (%) ***						
Married	6.2	5.0	4.4	11.0	0.0	2.5
Single, never married	75.2	82.5	79.6	61.0	94.7	90.5
Divorced, separated, widowed	18.5	12.5	15.9	28.0	5.3	7.0
Has driver's license (%) ***	33.0	17.5	19.6	33.7	26.9	27.0
Has access to vehicle (%) ***	98.0	97.5	95.1	86.1	31.6	85.9
Pregnant (%) ***	2.0	2.5	4.9	13.9	68.4	14.1
Reported earned income during 1st month on W-2 (%) ***	51.1	22.5	7.9	8.2	28.1	8.7
Sample size	5,536	40	11,748	1,902	57	2,018

SOURCE: MDRC calculations using administrative data for W-2 participants from August 1997 to August 1999 provided by the Department of Workforce Development.

NOTE: Statistical significance tests determined which characteristics significantly related to transitioning from AFDC to W-2. Three stars (***) indicate that a characteristic is significant at the .01 confidence level.

Table 3.5

Distribution of Initial Tier Assignments, by W-2 Agency, from October 1997 Through October 1999

Tier Assignment (%)	YW Works	UMOS	OIC	Employment Solutions (4)	Employment Solutions (5)	Maximus
Unsubsidized employment	24.6	28.4	31.0	23.8	22.1	26.0
CSJ	58.9	49.6	52.9	56.7	61.3	51.9
Trial job	0.1	0.3	0.1	0.2	0.1	0.4
W-2T	7.7	12.6	6.0	8.9	6.2	12.4
Pregnant or minor or noncustodial parent	0.3	0.2	0.5	0.2	0.3	0.1
Taking care of newborn (up to 12 weeks)	8.5	8.9	9.5	10.2	10.1	9.2
Sample size	2,450	2,929	4,017	3,828	4,104	3,879

SOURCE: MDRC calculations using administrative data for W-2 participants from August 1997 to August 1999 provided by the Department of Workforce Development.

NOTE: 105 people were initally assigned to Milwaukee County and are excluded from this table.

When parents enter W-2, they are also assigned to specific activities. Table 3.6 groups the many potential activities available in the CARES data system into categories reflecting different programmatic emphases. It is in the activity assignments that changes in programmatic emphasis reflecting changing entrant characteristics and program practices are most visible.

Table 3.7 shows the initial activity categories for parents in each tier across the first two years of W-2 operation in Milwaukee County. Assignments to multiple activity categories were common in each tier, with the majority of entrants in all tiers being assigned to orientation/enrollment and one or more other activity categories. The activity focus in the unsubsidized employment and trial job tiers was more narrow than in the other tiers. In these two job-ready tiers, most entrants were assigned to work or to seek work (as implied by the tier choice), and in trial jobs, 24 percent were assigned to soft-skills training.

Within the CSJ tier (the most common tier assignment), about two-thirds were initially assigned to work experience, but an equal percentage were assigned to employment search; 22 percent were assigned to education, 15 percent to employment training, and 9 percent to soft-skills training. The W-2T tier had the most varied initial activity assignments, reflecting the variety of reasons for assignment to this tier. The most common activity category was physical/mental rehabilitation, to which 49 percent of entrants were assigned. Even in the W-2T tier, where assignees by definition are not ready for employment, 28 percent were assigned to employment search (possibly as part of job-readiness training or further assessment), and 25 percent were assigned to work experience.

The changing patterns of tier assignments over time also carry through into assignments to initial activity categories. Table 3.8 shows assignments to activity categories for the three cohorts of W-2 entrants who were assigned to CSJ and W-2T, the tiers where the most change has occurred. Some trends emerge across both tiers. Education and employment training activities have increased over time, reflecting the Department of Workforce Development's growing emphasis on these skill-building activities, especially within the CSJ tier, and possibly some changes in the characteristics of entrants. Both tiers also saw a sharp increase in the percentage of entrants assigned to orientation and enrollment, reflecting agencies' growing use of more formal up-front activities.

Within the W-2T tier, there was also a substantial increase in the percentage of entrants assigned to physical/mental rehabilitation activities; in the early cohort, 35 percent were assigned to these activities, and the proportions rose to 55 percent in the middle cohort and to 62 percent in the late cohort. In the W-2T tier, lower percentages of entrants were assigned to employment search activities over time; in the early cohort, 35 percent were assigned to employment search, and the proportion dropped to 17 percent in the late cohort.

These data on initial activity categories within tier assignments also illustrate that there was some overlap the between CSJ and W-2T tiers in what entrants were expected to do. In the late cohort for both tiers, most entrants were assigned to orientation and enrollment. Within W-2T, 27 percent were assigned to work experience, 17 percent to employment search, and small percentages to full- or part-time work. Within CSJ, there was a growing emphasis on soft-skills training, as well as the previously mentioned shift toward education and training.

Table 3.6

Collapsed Activity Categories in the CARES System

Employed Part Time	Employed Full Time	Employment Search
Other Sub Employment (OS)	Working Full Time (WF)	Employment Search (ES)
Trial Job (TJ)		Employment Search - Child Care (EC)
Trial Job/Public Employer (TP)		Employment Search - Job Development (JD)
Work Experience-FSET (ex)		
Working Part Time (WP)		

Employment Training	Soft Skills Training	Work Experience
Driver's Ed (DR)	Job Retention Services (JR)	Work Experience (WE)
Employment Counseling (CE)	Mentoring/Job Coach (MN)	
Employment Skills Program (AP)	Job Readiness/Motivation (MO)	
Job Skills Training (JS)	Parenting Life Skills (PL)	
Non-approved Ed/Training (NE)		
Occupational Assessment (AO)		
On-the-job Training (OJ)		
Remedial Ed-Skills Training (LS)		

Physical/Mental Rehabilitation	Caring for Family Member	Drug Rehabilitation
Disability Assessment (AD)	Caring for Disabled child (CD)	AODA Counseling (CA)
Mental Health Counseling (CM)	Caring for Other Family Member (CF)	
Physical Rehabilitation (PR)		

Education	Orientation/Enrollment	Other
Adult Basic Ed (BE)	Enrollment (EN)	Child Support Payment (SP)
English as a Second Language (EL)	Enrollment with Orientation (EO)	Exemption request to ESS (EX)
Learnfare Counseling (CL)	Orientation (OR)	FSET Sanction Pending (FS)
Regular School A(RS)		Hold-Barriers (HO)
Remedial E-GED (GE)		Non-Compliance (NC)
Remedial E-HSED (HE)		No Intent to Serve (NI)
Post HS Education (A1, A2, A3)		Sanction Request to ESS (SA)
		Specialiast Component (P1-P5)
		Transportation Allowance (TR)
		Unassigned (UA)

Table 3.7

Initial Activity Category Assignments, by Tier, from October 1997 Through October 1999

Activity Category (%)	Initial Tier Assignment						All Tiers
	Unsubsidized Employment	Trial Job	CSJ	W-2T	Caring for Newborn	Unsubsidized Parent Status	
Employed full time	65.2	37.8	5.2	3.2	3.1	2.1	20.5
Employed part time	16.1	54.1	4.1	1.9	1.2	10.6	6.8
Employment search	32.8	48.7	67.4	27.9	14.6	31.9	50.0
Work experience	16.5	21.6	67.1	25.3	9.5	14.9	44.8
Employment training	4.6	8.1	14.7	10.0	4.1	14.9	10.7
Education	5.6	2.7	21.9	10.0	4.4	10.6	15.0
Soft-skills training	7.2	24.3	9.4	7.3	19.5	23.4	9.6
Physical/mental rehabilitation	0.7	0.0	0.7	45.7	5.1	10.6	5.2
Drug rehabilitation	0.0	0.0	0.2	3.6	0.4	0.0	0.5
Orientation/enrollment	50.5	59.5	59.4	65.0	71.6	70.2	58.7
Caring for family member	1.4	0.0	1.3	15.0	51.7	4.3	7.1
Other	6.1	2.7	6.7	3.0	2.1	8.5	5.8
Sample size	5,481	37	11,712	1,897	1,913	47	21,087

SOURCE: MDRC calculations using administrative data for W-2 participants from August 1997 to August 1999 provided by the Department of Workforce Development.

Table 3.8

Initial Activity Category Assignments, by Tier and Cohort, from October 1997 Through October 1999

Activity Category (%)	Early Cohort	Middle Cohort	Late Cohort
CSJ Tier			
Employed full time	6.6	2.4	1.6
Employed part time	3.9	4.1	4.6
Employment search	68.0	68.5	63.2
Work experience	62.7	75.3	79.2
Employment training	9.7	23.6	28.6
Education	15.1	25.9	50.3
Soft-skills training	5.4	14.5	23.0
Physical/mental rehabilitation	0.4	1.1	1.8
Drug rehabilitation	0.1	0.4	0.4
Orientation/enrollment	56.3	49.9	85.2
Caring for family member	1.0	2.6	1.1
Other	5.0	12.0	8.9
Sample size	8,078	1,956	1,678
W-2T Tier			
Employed full time	4.0	2.5	2.0
Employed part time	2.1	1.3	1.8
Employment search	34.6	23.6	16.5
Work experience	23.9	27.3	26.5
Employment training	8.7	10.8	12.3
Education	7.2	9.5	16.7
Soft-skills training	3.4	9.5	14.5
Physical/mental rehabilitation	34.7	55.1	62.3
Drug rehabilitation	2.1	7.5	3.5
Orientation/enrollment	60.2	49.8	89.7
Caring for family member	14.1	19.1	13.6
Other	1.2	4.3	5.9
Sample size	1,042	399	456

SOURCE: MDRC calculations using administrative data for W-2 participants from August 1997 to August 1999 provided by the Department of Workforce Development.

These findings on initial W-2 tier and activity assignments are consistent with clear changes in policy and agency practice and could also reflect a trend leading to applicants who have more substantial barriers to employment. Because the late cohort in this analysis met the most developed form of agency activity and may have included entrants with more barriers to employment, our detailed analysis of the intake and assessment process focuses on the period from November 1998 through October 1999. Chapters 4 through 6 present findings on how the W-2 agencies have responded to the task of making initial tier assignments.

Chapter 4

The W-2 Decisionmaking Context

Chapters 4 through 6 examine the processes by which financial and employment planners (FEPs) actually made their initial decisions about tier and activity assignments for applicants to Wisconsin Works (W-2). Findings are based on information collected during the summer and early fall of 1999. These applicants intersect with the cohort of *late entrants* analyzed in Chapter 3, who entered the program between November 1998 and October 1999; these applicants may have presented more complex assessment problems than previous applicants.

Much of the decisionmaking regarding an applicant's initial tier placement and activity assignment is based on information discussed during the intake and assessment interview with the FEP. This decisionmaking process is important because (1) a W-2 applicant cannot receive any cash assistance without a tier assignment; (2) the amount of cash assistance varies by tier assignment; and (3) each of the tier assignments that provides cash assistance or an employer subsidy has a maximum time limit.

During the intake and assessment interview, the FEP collects information about the applicant's education, work history, and potential barriers to employment. Typically, a minimal amount of formal assessment has been completed prior to the applicant's interview with the FEP. Instead, formal assessment is treated as one of many factors to be completed after an applicant has met the eligibility criteria for W-2. Thus, in most W-2 agencies, the decision about an initial tier assignment appears to be driven largely by what happens in this formal intake interview. However, most agencies use additional formal assessment tools after people are enrolled, and many FEPs (consistent with state policy) see assessment as an ongoing process and expect to learn more about entrants as they participate (or do not) in their initial activities. Several agencies make it standard procedure to assign participants to an activity (such as an in-house job search workshop or a low-skills job placement) so that agency staff can "observe" them and develop a fuller picture of their employment assets and barriers.

This chapter uses observational data to examine the interview setting, structure, and flow. Where do intake interviews typically occur? Is the setting private, semiprivate, or public? How long does the interview last? How is it structured? Does it proceed in a flexible manner, or does it have a more structured feel? Is the interview continuous or interrupted? Before examining the content of the intake interview and the resulting decisionmaking process, it is important to document the environment. In what ways does the environment of the W-2 intake interview facilitate or limit decisionmaking?

Wisconsin Works was originally designed to serve applicants and participants in a timely fashion. At the program's inception, W-2 agencies wanted to improve on the long waits and delays associated with the central intake office under Aid to Families with Dependent Children (AFDC). They wanted to shed the image of the welfare office as a place where clients wait for long periods to see their caseworker and where caseworkers process matters slowly. Given this context, W-2 policy emphasized seeing clients within a few minutes of their scheduled appointment and giving each case quick attention; policy requires that FEPs make a decision about an

applicant's tier assignment within seven working days. In an important sense, the W-2 agencies in Milwaukee County have largely succeeded in improving these fundamental aspects of providing services efficiently.

This chapter first presents information about the research methods used to examine the W-2 decisionmaking context. It then briefly describes information that is typically collected by the resource specialist early in the intake process, before the applicant's intake interview with the FEP. The chapter then turns to a detailed analysis of the intake interview setting. It concludes by presenting the caseworkers' assessment of the intake interview process.

I. The Research Approach

A. Data Sources

Several types of information underlie the findings in Chapters 4 through 6. First, beginning in May 1998, we conducted field research on W-2 agency intake and assessment procedures in Milwaukee County at several points in time, seeking to understand how the procedures changed over time. In doing this, we followed the field visits by debriefings with agency operations managers to gain their perspective on what we had observed. We also conducted interviews with members of the advocacy community to learn their perspective on W-2 agency administrative practices.

The primary data come from observations of 100 intake interviews conducted between May and August 1999, comprising an average of 20 interviews per W-2 agency. In each case, the interviewee was applying for W-2 services, although we did not track whether this was the person's first W-2 application. Each agency had a high percentage of applicants who did not appear for scheduled appointments, which made random selection based on scheduled appointments impractical. Instead, to minimize selection bias, our field researchers attempted to observe the first 20 applicants who met with a FEP for a W-2 intake interview, regardless of scheduling status.

The unit of analysis for the study was the transaction between the FEP and the applicant. The field researcher served as an unobtrusive observer, using an observational form to document the general setting of the interview, the topics discussed, and how decisions were made. After each intake interview, a semi-structured interview was conducted to collect some background information about the FEP and to understand the rationale used in the intake interview. The data from these observations were coded by topic, using QSR NUD*IST,[1] and the content of information was measured by coding for any mention of a topic. This coding structure was generous and allowed the coding of discussion items into multiple topics as appropriate.

These observational data were triangulated by using the state's administrative record system, CARES, to provide demographic information about the applicants and to compare the CARES information about tier placements and activity assignments with what was stated in the intake interviews. We also conducted focus groups with five or six FEPs from each W-2 agency

[1]Qualitative Solutions and Research (QSR) is a software development company in Melbourne, Australia. NUD*IST stands for "Nonnumerical Unstructured Data Indexing Searching and Theorizing." QSR NUD*IST is a computer package designed to aid users in handling nonnumerical and unstructured data in qualitative analysis. Source: *QSR NUD*IST 4 User Guide*, 2nd ed. (Thousand Oaks, CA: Sage Publications, 1997), p. 2.

to discuss the tools and resources that they use in conducting initial assessments, what conditions cause them to change an applicant's initial tier assignment, and how they personally — and agency managers — evaluate their job performance. Finally, to gain a better sense of the entire intake and assessment process, we asked each W-2 agency to complete a grid listing all assessment activities that occur before, during, and after the initial intake interview.[2]

B. Characteristics of the Observational Sample

Demographic Characteristics. The field researchers observed 20 intake interviews at Employment Solutions, Maximus, and UMOS; they observed 19 intake interviews at OIC and 21 at YW Works. As Table 4.1 reports, the average age of applicants in the sample is 25.8 years, all are female, 100 percent are U.S. citizens, 57 percent are African-American, and over 95 percent speak English. At intake, most (55.7 percent) had not completed high school or obtained a General Educational Development (GED) certificate, 73.9 percent were single, and few had a driver's license (21.1 percent) or access to a vehicle (13.6 percent). As discussed in Chapter 2, the applicants in this sample are similar to Milwaukee County's W-2 participants in general.

Tier Assignments. As Table 4.2 reports, most applicants in the sample (50 percent) were initially assigned to the community service job (CSJ) tier. Most other applicants were placed in the W-2T tier (16 percent), the custodial parent of an infant (CMC) category (14 percent), or the unsubsidized employment tier (12 percent). The distribution of tier assignments for this sample is similar to the distribution for W-2 participants in general, as discussed in Chapter 1 and shown in Table 3.5.

C. Cautions About the Generalizability of Findings

We believe that the findings in this report are generalizable to Milwaukee County's W-2 program at this point in its evolution and that they illustrate the general issues and trade-offs present in this type of program. Nonetheless, we caution against the generalization of specific findings either to earlier or later stages of the program's evolution in Milwaukee County or to the entire state. The characteristics of W-2 applicants and FEPs, the administrative processes in place, and the overall program delivery settings all influence what happens. Indeed, the presence of our field researchers may have caused some FEPs or applicants to modify their actions, thus affecting the findings. We tried to lessen this by using observers who had experience in human service organizations and the ability to develop rapport with line staff and program applicants, and we took care in introducing the research and its purposes to W-2 agency staff and the applicants. In addition, the relatively large sample for this type of research lessens the effects of individual changes in behavior relating to an observer's presence.

II. Early Stages in the Intake Process

Prior to meeting with a FEP, W-2 applicants meet with a resource specialist, who provides the initial assessment of the potential client's needs. The resource specialist collects basic information about the applicant's recent job search efforts, employment skills, history, education, income, and assets. In most of the Milwaukee County W-2 agencies, the resource specialist uses this information to construct an informal assessment of the applicant's job readiness that is later

[2]OIC is the only W-2 agency that did not complete this component of the study.

Table 4.1

Demographic Characteristics of Observed W-2 Applicants, by Agency

Characteristics	YW Works	UMOS	OIC	Employment Solutions	Maximus	All Agencies
Gender (%)						
Female	100.0	100.0	100.0	100.0	100.0	100.0
Male	0.0	0.0	0.0	0.0	0.0	0.0
Age (%)						
Under 18	25.0	20.0	0.0	11.1	16.7	15.2
18-19	10.0	10.0	6.3	16.7	16.7	12.0
20-24	25.0	25.0	6.3	27.8	22.2	21.7
25-34	40.0	25.0	56.3	38.9	27.8	37.0
35-44	0.0	15.0	31.3	5.6	16.7	13.0
45-54	0.0	5.0	0.0	0.0	0.0	1.1
55 or ove	0.0	0.0	0.0	0.0	0.0	0.0
Average age	25.0	23.0	31.0	25.0	26.0	25.8
U.S. citizen (%)	100.0	100.0	100.0	100.0	100.0	100.0
Language spoken (%)						
English	100.0	82.4	100.0	100.0	100.0	95.8
Spanish	0.0	17.6	0.0	0.0	0.0	4.2
Education (%)						
High school graduate	40.0	35.0	42.1	35.0	44.4	39.2
GED or equivalen	5.0	5.0	5.3	5.0	5.6	5.2
Did not graduate	55.0	60.0	52.6	60.0	50.0	55.7
Currently in school (%)	15.0	4.8	0.0	5.0	10.0	7.0
Marital status (%)						
Married	5.0	10.0	6.3	5.6	5.6	6.5
Single, never married	85.0	60.0	68.8	72.2	83.3	73.9
Divorced, separated, widowed	10.0	30.0	25.0	22.2	11.1	19.6
Has driver's license (%)	10.5	21.1	43.8	16.7	16.7	21.1
Has access to vehicle (%)	10.5	15.8	18.8	22.2	0.0	13.6
Pregnant (%)	15.0	15.8	0.0	0.0	11.8	8.9
Race/ethnicity (%)						
African-America	75.0	23.8	68.4	70.0	50.0	57.0
White	0.0	23.8	0.0	5.0	25.0	11.0
Hispanic	5.0	28.6	0.0	0.0	5.0	8.0
American India	0.0	4.8	0.0	0.0	5.0	2.0
Unknow	20.0	19.0	31.6	25.0	15.0	22.0
Sample size	20	21	19	20	20	100

SOURCE: MDRC calculations based on observed intake interviews between W-2 participants and case managers from May 1999 through August 1999.

Table 4.2

Distribution of Tier Assignments for Observed W-2 Applicants, by Agency

Tier Assignment (%)	YW Works	UMOS	OIC	Employment Solutions	Maximus	Total Observed Interviews
Unsubsidized employmen						
Case management service	2.0	2.0	3.0	1.0	2.0	10.0
Case management follow-up	0.0	1.0	1.0	0.0	0.0	2.0
Case management onl	0.0	0.0	0.0	0.0	0.0	0.0
Trial job	0.0	0.0	0.0	0.0	0.0	0.0
CSJ	8.0	10.0	11.0	11.0	10.0	50.0
W-2T	3.0	2.0	2.0	6.0	3.0	16.0
Custodial parent of infan	6.0	3.0	1.0	2.0	2.0	14.0
Case management for pregnanc	1.0	0.0	0.0	0.0	1.0	2.0
Othe [a]	0.0	3.0	1.0	0.0	2.0	6.0
Sample size	20	21	19	20	20	100

SOURCE: MDRC calculations based on observed intake interviews between W-2 participants and case managers from May 1999 through August 1999.

NOTE: [a]No tier was assigned due to lack of documentation; or the FEP decided to assign a tier later; or the applicant declined to enroll in W-2

reviewed by the FEP. The resource specialist may also use formal assessment tools to assist in the job-readiness assessment. Another primary role of the resource specialist is to identify any applicants who should be referred to other programs or resources, thereby diverting them from W-2.[3]

Given the programmatic requirement to decide an applicant's tier assignment quickly and the time needed to complete formal assessment measures, a formal assessment typically occurs after the initial intake and assessment interview. Exceptions to this include formal assessment tests that have been conducted within the past six months (which usually means that the applicant has previously received W-2) and short versions of formal assessment tests that can be completed relatively quickly.

III. The W-2 Intake Interview

A. What Is the Interview Setting?

- **W-2 intake interviews occur in new or newly renovated offices of five service providers operating in six regions of Milwaukee County.**

Under the programs prior to W-2, eligibility determination and administrative actions that related to cash grants were conducted at a large county facility in downtown Milwaukee. In the later stages of AFDC's employment program (Job Opportunities and Basic Skills Training, or JOBS), employment service functions were shifted from the central office to districts across the county. For W-2, five service providers were selected to set up offices in six regions to handle both eligibility determination and employment services. This arrangement presented some early problems in coordinating W-2 activities with the tasks performed by county workers relating to Food Stamps, Medicaid, and child care payment authorization, and the first W-2 applicants still had to "go downtown" to the Milwaukee County Human Services office to handle some aspects of their assistance case. However, over time, county workers were colocated within the W-2 regional offices. Each facility is located on a major street in its region, and each was constructed or renovated to serve specifically as a W-2 administrative center.

- **Most intake interviews occur in a semiprivate setting, most commonly (65 percent of the sample) in a partitioned cubicle that is close to other cubicles.**

As in most human services facilities, space in the W-2 regional offices is at a premium, which limits the opportunity to discuss all cases in a private setting. Often, conversations from nearby cubicles can easily be overheard; and some FEPs share office space, which means that two applicants may have their intake interview in the same office. Even though less than 5 percent of all the interviews occurred in a private office, however, all the W-2 agencies do have limited private space available for FEPs to use at their discretion when discussing sensitive topics with an applicant.

It is difficult to know for certain how the semiprivate interview setting impacts an applicant's willingness to discuss sensitive topics like mental health, alcohol and drug dependency, domestic violence, legal concerns, physical limitations, and such employment barriers as unstable

[3] *Wisconsin Works Manual*, Section 1.6.3.2.

housing. This setting may limit the FEP's ability to obtain sensitive information that is needed in making an appropriate assessment.

Some applicants in the study were quite open about their situation and did not seem to be affected by the interview setting. For example, one applicant initiated a conversation with her FEP regarding alcohol and drug addiction, and asked to be placed in a rehabilitation class. When the FEP asked why she wanted to be in the class, the applicant said, "Because I have problems with that, I am being honest [with you]." On the other hand, another applicant began to cry at the beginning of the interview, and the FEP was not successful in getting her to discuss her situation; the FEP finally decided to refer her to a specialist in the agency's Employment Assistance Program for follow-up.

Certainly, an applicant's willingness to discuss her personal situation and employment barriers is affected by many factors, including the FEP's ability to relate to her and her own predisposition toward discussing sensitive topics. It is unreasonable to expect anyone to be completely forthcoming about personal matters with someone she has just met. All things being equal, however, it stands to reason that sensitive issues are discussed more easily in a private setting. This point is particularly relevant as people with more serious barriers to employment become an increasingly large proportion of the W-2 caseload.

B. How Is the Intake Interview Structured?

- **Most intake interviews are scheduled for one hour but last longer.**

Most FEPs in the study allocated one hour for the intake and assessment interview, although many cases took more time. The average interview lasted 70 minutes, and the time varied considerably depending on the complexity of the case. Across the sample, the shortest intake interview lasted 19 minutes, and the longest interview lasted 151 minutes. Employment Solutions tended to have shorter interviews than the other agencies, with an average time of 51 minutes; the longest interviews were at Maximus, where they averaged 81 minutes.

- **The intake interview strongly emphasizes documentation.**

As part of W-2 eligibility requirements, applicants must provide verification of their identity and age, marital status, custody of children, citizenship status, Social Security number, income sources and amounts, assets, household composition, and school attendance of children.[4] Typical documentation includes Social Security card, birth certificate, verification of school enrollment, rent receipt, utility and phone bill statements, bank statements, life insurance policies, verification of health insurance, and income verification.[5] At UMOS, especially, FEPs heavily emphasized documentation and typically would not open the W-2 case without it. Many applicants at UMOS had to schedule a second appointment to complete the intake and assessment process.

An alternative approach, commonly used by the other W-2 agencies, is to open the case but allow the applicant a specified amount of time to provide the needed documentation. This approach was noted during an interview, and the FEP gave this rationale: "I could have decided

[4] *Wisconsin Works Manual*, Section 4.1.0, p. 1.
[5] State of Wisconsin, 1997a.

not to reopen this case, because we still need some information. I could have requested verification, but I thought that was cruel. I opted to open the case with some documentation and give her a chance to bring the other back in."

- **The intake interview is structured primarily by the sequence of CARES screens that must be completed to establish a W-2 case.**

The completion of the appropriate sequence of CARES screens is the dominant organizing principle of the intake interview. FEPs typically enter applicants' responses into CARES during the interview, guided by the sequence of screens. For example, during one interview, an applicant inquired about her time clock relating to W-2. The FEP responded: "When I get to that point, I'll go over your time clock with you. We have a driver flow and I can't pop over to that screen from here. Now I have to sit here and enter data."

In order to enroll a person in W-2 and start the flow of aid, the FEP must determine whether an applicant meets the program's financial and nonfinancial criteria. CARES includes a total of 480 computer screens, and the number of screens to be completed varies according to the case.[6] The FEP relies heavily on the CARES system to assist in eligibility determination. For example, if an applicant answers "yes" to having a car, additional screens need to be completed regarding the car's value and condition. All this information is calculated to determine whether the applicant meets the eligibility criteria. In short, the number of CARES screens required to complete eligibility determination is driven by the applicant's responses and depends on her specific situation.

Allowing the CARES screens to structure the interview ensures that the FEP has all the documentation needed to enter the case, facilitates the systematic collection of routine information, and reduces the likelihood of error. At times, however, if an applicant raises concerns that are outside the CARES sequence, they may not be fully addressed. For example, one applicant expressed concern about a pending eviction, and the FEP responded that they would return to that subject; but the interview proceeded without additional discussion of the housing issue. The CARES-driven structure of the intake interview may decrease the likelihood of addressing personal issues and employment barriers that arise outside the CARES sequence and that may be important factors in the assessment process.

- **In our research, clear messages emerged regarding the relationships between the county's SSPs and the program's FEPs.**

As discussed in Chapter 2, a Milwaukee County supportive services planner (SSP) must determine a W-2 applicant's eligibility for Food Stamps and Medicaid. FEPs and SSPs thus serve many of the same clients, making the coordination of their services important. Sixty-six percent of our interviews with FEPs contained discussions about county workers, and clear themes emerged. First, the responsibilities of SSPs and FEPs are definitely distinct. If an applicant raised a question about Food Stamps or Medicaid, for example, the FEP readily informed her about the divided responsibilities and identified the program's boundaries.

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[6]Many screens are not routinely used by FEPs. Some screens are used by other workers and/or supervisors. One Department of Workforce Development staff member estimated that FEPs typically use 40 to 60 different CARES screens; another staff member reported "extensive" use that varies considerably by case.

[W-2 Agency]

App.: *[Pulling out two letters]* Why does this have your name and the other one has [SSP's name] on it?

FEP: [SSP] is your county worker and I am your FEP, or financial and employment planner. Remember that W-2 and the county are separate entities.

[W-2 Agency]

FEP: I deal with the money, not the Food Stamps, the medical, or the child care. I deal with your W-2 work assignments and cash payments.

Second, although CARES facilitates access to information about the case submitted by both the FEP and the SSP, there does not seem to be a streamlined system in place to facilitate the coordination of documents and information. Rather, the applicant is typically responsible for keeping track of which documents go to which worker and, if necessary, for providing separate copies of the information to both the FEP and the county worker.

[W-2 Agency]

App.: This is wrong. My daughter is in the eighth grade and so is my son.

FEP: You'll have to call your Food Stamp worker and have him change it.

App.: You don't need copies of these papers?

FEP: What are they?

App.: School records, statement from my physician.

FEP: No, remember you have an SSP and a FEP. Those documents should go to your SSP.

[W-2 Agency]

FEP: It is important that you notify me immediately if you start working. This also applies to your county worker and Food Stamps.

Third, relationships between FEPs and SSPs seem to vary by FEP. Some FEPs were more flexible in their communication with SSPs, which streamlined the intake process for applicants.

[W-2 Agency]

FEP: Did you share the employment information with your county worker?

App.: No.

FEP: OK, what I'm going to do is walk this over to the county worker and ask her to enter it. If I was to try to open up your case now, it would fail because of in-

come. I'll be right back. Whenever you have employment and income information like this, be sure to share it with your county worker.

[W-2 Agency]

FEP: I'll make a copy of these.

App.: Can you make two of these and these so I can give them to the SSP?

FEP: I'll take care of that.

C. How Does the Intake Interview Flow?

- **W-2 intake interviews are frequently interrupted, especially by incoming telephone calls.**

More than 55 percent of the intake interviews we observed were interrupted at least twice. Interruptions were most common at Maximus, where 86 percent of intake interviews experienced at least two interruptions; at Employment Solutions, only 22 percent of the interviews were interrupted. Across all the interviews, interruptions typically occurred up to four times during the intake session, and 58 percent of the interruptions were caused by incoming phone calls. Other interruptions included in-person inquiries from within the agency by another FEP, supervisor, or county worker. Such interruptions can break the flow of the intake session, especially if the FEP and applicant are discussing sensitive topics. Interruptions may also increase the overall time needed to cover the details of W-2 and assess the applicant.

Although it might seem simple enough not to take incoming phone calls during an intake interview, that involves a trade-off to which FEPs appear sensitive. Besides conducting intake interviews with W-2 applicants, a FEP is also responsible for providing ongoing case management services to enrolled W-2 participants, for whom, as the primary case manager, the FEP is the central point person. Most of the observed intake interviews concluded with the FEP providing contact information to the applicant and encouraging her to call with any questions. Throughout their day, FEPs frequently respond to phone queries, and they often play "phone tag" with callers. Over time, W-2 applicants and participants have expressed frustration about the difficulty of getting through to their FEPs by phone, and so promptly responding to queries is now typically an important component in evaluating a FEP's job performance. Although FEPs typically schedule a block of time each day to respond to phone calls, FEPs across all W-2 agencies indicated that they may have difficulty reaching callers and that attempting to do so consumes a significant portion of their time.

At least one W-2 agency introduced a call center to answer participants' questions, but the system did not work smoothly. Too many messages would flow into the call center, the telephone operator was limited to answering questions based on the information in CARES, and so the phone messages would be routed to the FEP in the form of e-mail — which ultimately still required the FEP's response. Additionally, many W-2 participants complained about having decreased access to their FEP and having to go through an additional step to get a question answered.

- **The FEP initiates most of the discussion in an intake interview. Contention arose between the FEP and the applicant in 17 percent of the interviews observed.**

In most instances, the FEP initiates the discussion by asking the W-2 applicant a question. Applicants usually provide a brief (often one-word) response. During our postobservational interviews with FEPs, some mentioned that they like to involve applicants in some aspects of decisionmaking because it increases participation in activities after enrollment. For example, a FEP might ask whether the applicant prefers to complete an activity in the morning or the afternoon. When applicants do initiate a discussion, their concerns most often center on the W-2 payment cycle, current housing problems, medical issues, or applying for a job access loan.

In 17 percent of the observed intake interviews, discussions raised points of contention between the FEP and the applicant, usually relating to child care issues, the W-2 payment process,[7] or needed documentation. A few applicants were reluctant to place their children in child care arrangements; FEPs generally explained that, in order to be eligible for W-2, they must engage in activities, which would require them to be away from home at times. Applicants generally agreed to assess their child care options and make a placement that would feel comfortable for their child.

Contention also developed over the W-2 payment process, with applicants expressing dissatisfaction about delays in receiving their first payment. FEPs generally restated and explained the payment policy, after which some applicants compared W-2 to an actual job, commenting, "W-2 is worse than a job" or "I should just go get a job."

Discussions about required documentation and forms were also sometimes contentious, with applicants expressing frustration about having to submit the same documents to both their FEP and their county worker. They did not understand why it was not sufficient to present the documents either to one caseworker or the other. FEPs usually responded by explaining the different functions of the county workers and FEPs, and applicants reluctantly agreed to submit documentation as needed to both caseworkers.

IV. The FEPs' Assessment of the Intake Interview

- **Some FEPs think that the intake interview is too brief and that they are expected to make initial tier assignment decisions too quickly.**

Several themes emerged from discussions with FEPs regarding the structure of the intake interview. Some FEPs commented that the intake interview is too brief and that their decision about an applicant's tier assignment is made too early in the assessment process.

FEP: I'd like to spend more time but they only give us an hour for intake. I think we should be able to take two hours. Sometimes you need to call the HMO [health maintenance organization] to make sure that she has a doctor's appointment, or she needs furniture, or help getting child care. Some W-2Ts almost need you to hold their hand. They are getting hassled so much that they can't handle the

[7] The W-2 payment process is explained in Chapter 5.

pressure from being unemployed. It'd be nice to wait [in deciding on a tier placement] until all the incapacitation forms come back.[8] When I get that back I may change my mind and put her in a CSJ because her medical problems are not as severe as I thought.

Although FEPs have up to seven working days to make an initial tier assignment, most make the decision during the intake session. A few FEPs commented that it would be helpful in making an appropriate assessment to use the entire seven days allowed under W-2.

FEP: [I] take advantage of the seven days to place the client. [I take] the seven days to meet with her and see what happens in terms of a job.

FEP: *[Reflecting on one tier assignment decision]* [I need] more information about personal issues going on in the household. Sometimes you don't get that kind of information out of the first meeting.

Some FEPs found the dual task of explaining W-2 policy and conducting the initial assessment of the applicant's income support and work support needs too ambitious for a single intake session. One suggested decoupling these two administrative functions.

FEP: We have to spend time discussing policy. I think it would be helpful to have more time to discuss job history, job interests, and personal goals. Unfortunately, with the number of people on our caseload, we don't have the time to get to know them better. People can't tell you, when you first meet them, exactly what they can and cannot do.

As the W-2 caseload presents increasingly complex employment barriers, the policy of providing efficient service may warrant additional consideration. As one FEP commented at the conclusion of an intake interview: "I don't think she was real, real open. She volunteered only the information I approached her with. I expect after [participation in an intensive session] she will be willing to do more sharing." The more substantial employment barriers associated with these cases may not be well addressed by the one-hour intake interview or the seven-day decisionmaking model of W-2. Chapter 6 returns to this theme by analyzing how well the initial tier assignments seem to "stick" during participants' first few months in the program.

Next, Chapter 5 focuses on the ways by which FEPs collect information about applicants, the kinds of information available to them, and the messages they give to applicants about W-2 during the course of the intake process.

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[8]Incapacitation forms verify a medical disability, illness, or injury that prevents a person from working full time in unsubsidized employment (*Wisconsin Works Manual*, Appendix I, p. 6).

Chapter 5

What FEPs and W-2 Applicants Discuss

Much of the focus of this chapter is on the formal intake interview between the financial and employment planner (FEP) and an applicant for Wisconsin Works (W-2). In the interviews we conducted with FEPs in mid-1999 (see Chapter 4), 59 percent of them reported that the intake interview is the most important source of information for making decisions about an applicant's tier placement and activity assignment; an additional 30 percent cited both the interview and the written application as the most important sources of decisionmaking information. The formal intake interview is embedded in a series of administrative steps as the applicant makes initial contact with a W-2 agency, meets with various staff (receptionists, resources specialists, FEPs), is assigned an initial tier and activities, and enters the W-2 program.

This chapter describes in detail the topics discussed during the intake interview. As explained in Chapter 2, these topics focus on two administrative functions: *income support processes*, which involve W-2 eligibility determination and the explanation of program rules; and *work support processes*, by which agency staff determine an applicant's suitability for various W-2 options. Through both processes, the FEP matches the applicant with appropriate tier and activity assignments.

We relied on *Wisconsin Works Manual* to provide a general sense of the topical areas that may be discussed during the intake and assessment interview. Under W-2, the FEP is the sole case manager and has multiple responsibilities. Besides interpreting and explaining policies that govern W-2 eligibility, the FEP has primary responsibility for eligibility determination, assessment, employability planning, service referral, and ongoing case management.[1] Initially, the FEP conducts an informal assessment of the applicant's recent job search efforts, work history, education, skills, interests, and abilities to determine whether the applicant is ready for unsubsidized employment.[2] In making placement decisions, the FEP reviews the information collected in the W-2 application and considers the person's potential barriers to employment.[3]

Although the manual indicates which general topics may be discussed, it does not address additional specific topics that are emerging as the program continues to operate. For example, all the W-2 agencies indicate that health and disability issues are increasing as employment barriers for those who remain in W-2. In order to capture such dynamics of program implementation, we broadened the list to include topics that emerged from interviews with agency staff.

Given the clear W-2 policy goal of providing FEPs discretion, in terms of both overall approach and case management of participants, we did not expect to find uniform coverage of any topic. Rather, we set out to identify and examine patterns of topic coverage that may vary based on agency norms and individual case circumstances. As Table 5.1 suggests, W-2 agencies differed in their coverage of the three broad topics examined. Employment Solutions most heavily emphasized income support topics, Maximus most heavily emphasized employment topics,

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[1] *Wisconsin Works Manual*, Section 1.6.3.3, p. 12.
[2] *Wisconsin Works Manual*, Section 5.1.0, p. 1.
[3] *Wisconsin Works Manual*, Section 1.6.3.3, p. 13.

Table 5.1

Distribution of Topics Discussed in Observed W-2 Intake Interviews, by Agency

Topic (%)	YW Works	UMOS	OIC	Employment Solutions	Maximus	All Agencies
Income support	47.6	38.0	43.2	66.0	41.6	47.2
Work as W-2 focus	85.7	90.0	84.2	100.0	65.0	85.0
Payment cycle	66.7	55.0	47.4	80.0	65.0	63.0
Time limits	61.9	25.0	42.1	85.0	40.0	51.0
Sanctions	23.8	10.0	36.8	60.0	15.0	29.0
Strikes	0.0	10.0	5.3	5.0	20.0	8.0
Employment	48.6	53.0	43.2	53.0	58.0	51.2
Employment status	33.3	30.0	42.1	20.0	35.0	32.0
Employment histor	57.1	65.0	52.6	60.0	70.0	61.0
Job search activities	23.8	60.0	26.3	35.0	60.0	41.0
Employment preferences	52.4	75.0	57.9	75.0	70.0	66.0
Employment goals	76.2	35.0	36.8	75.0	55.0	56.0
Employment sustaining	47.6	59.4	48.0	49.4	48.3	50.6
Child care	81.0	80.0	79.0	80.0	95.0	83.0
Domestic violence	0.0	5.0	0.0	5.0	10.0	4.0
Educatio	85.7	100.0	94.7	95.0	100.0	95.0
Housing	71.4	80.0	52.6	50.0	40.0	60.0
Labor market discriminatio	0.0	20.0	0.0	0.0	10.0	5.0
Legal issues	33.3	65.0	31.6	45.0	30.0	41.0
Medical issues--child	9.5	10.0	26.3	30.0	10.0	17.0
Medical issues--sel	66.7	85.0	57.9	55.0	60.0	65.0
Transportatio	81.0	90.0	89.5	85.0	80.0	85.0
Sample size	20	21	19	20	20	100

SOURCE: MDRC calculations based on observed intake interviews between W-2 participants and case managers from May 1999 through August 1999.

and UMOS most heavily emphasized employment-sustaining topics. In essence, the W-2 model customizes program services by promoting flexibility in assessment, tier placement, and activity assignment.

I. Topics Related to Income Support

The explanation of W-2 eligibility rules is a primary task of the FEP during an applicant's intake and assessment interview.[4] Although much of the information regarding the philosophy of W-2, the W-2 employment ladder, and the W-2 payment categories is initially introduced by the resource specialist, the FEP provides a more detailed description of these topics and relates them to an individual's specific case. Applicants who become participants are routinely given a copy of their signed W-2 participation agreement (shown in Box 2.1) and addenda covering the conditions of participation, including, for example, printed information about the W-2 employment tiers, the responsibilities of the participant, the five-year time limit, and the strike process (discussed below).

The FEPs in our field research used three presentation styles to explain W-2: (1) written, (2) written with verbal highlights, and (3) written with extensive verbal comments. A few FEPs used the written approach; they provided printed materials about W-2, asked the applicants to review the documents, and asked whether they had any questions. The written with verbal highlights approach proceeds similarly but adds the dimension of verbally highlighting specific programmatic aspects, such as time limits or the strike policy. This presentation style was the most common approach in four of the five W-2 agencies. The third style includes the first approach but adds a strong verbal dimension including, in a few cases, reading the printed information aloud to the applicant. FEPs in one agency commonly used this approach.

The field research examined how FEPs explained five specific components of the W-2 program: the emphasis on work as the primary goal, the payment cycle, time limits, sanctions, and strikes. The top panel of Table 5.1 shows the percentages of interviews in which these topics were mentioned at each agency. An important point is that the discussion of any given topic may vary considerably, depending on agency norms; for example, within a particular agency, the discussion of time limits may be considered the responsibility of the resource specialist.

- **The message that W-2 is focused on promoting work as the primary means of securing economic self-sufficiency was clearly conveyed in the vast majority (85 percent) of intake interviews observed.**

Besides emphasizing employment as the primary goal of W-2, the bulk of FEPs' questions related to this goal. For example, applicants were asked about their employment history, recent job search activities, barriers to work, and short- and long-term employment goals.

Across the agencies, the employment message was conveyed in different forms. FEPS at OIC typically noted the programmatic differences between Aid to Families with Dependent Children (AFDC) and W-2. As one FEP at OIC explained: "W-2 took the place of AFDC. AFDC was an entitlement program. W-2 is not. W-2 is a pay for work program."

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[4]This is consistent with W-2 policy; see *Wisconsin Works Manual*, Section 1.6.3.3, p. 13.

FEPs at UMOS also stated that employment is a programmatic goal of W-2, but they tended to link employment with family responsibility. One FEP put it this way: "You are responsible for the well-being of your family. If placed in a W-2 employment position, your goal is to find a job."

At Maximus, FEPs discussed work as a condition of benefit receipt, and they used the word "activities" more often than "work." FEPs less often explicitly stated that work is the goal of W-2, but they incorporated that message into the assignment of activities. A Maximus FEP commented: "W-2 can help you look for jobs, and the agency has employment brokers to assist. [You] must do assigned activities and [we] encourage people to apply to other activities."

FEPs at Employment Solutions mentioned W-2 as "a work-based program" and referred applicants to their participation agreement and its addenda for additional information.

The FEPs at YW Works focused on the quality of a job and emphasized long-term employment goals. There is considerable emphasis in this agency on placing participants in a job that is a good fit and that offers the possibilities of job retention and advancement.

Given the emphasis on employment in W-2, it is worthwhile illustrating in detail how this discussion might proceed. During one intake interview, for example, an applicant mentioned to the FEP that she had a job interview the next day for a work involving cashiering and stocking merchandise.

App.: So what about [it]? Should I still go to my interview tomorrow?

FEP: That's your decision. If they give you the job, will you take it?

App.: I don't know, I'll take anything.

FEP: Think about what you want. Sometimes people take much less than they could get because they are desperate.

App.: I know.

FEP: How many hours a week would you work?

App.: Thirty-two hours. Either 4:00 to 9:00 P.M. during the week and 8:00 A.M. to 4:30 P.M. on Saturday [*sic*]. So, if I take the job will it interrupt what we talked about? [GED class]

FEP: Yes, it would and if you quit without good cause you would be barred from W-2 for six months.

App.: I just don't know.

FEP: You need to exercise some discretion and think about where you will be later. Is there a probation period? Can you be promoted?

App.: I think I'm going to wait because I really need my GED. What am I going to tell them?

FEP: You don't have to tell them anything. Don't go. If you do, tell them you had a better offer.

Of the intake interviews we observed, 15 percent did not emphasize work as the philosophy of W-2. Typically, work was not emphasized to applicants who would be placed in the CMC category (eligible to receive a payment for care of a newborn but having no required work activities). Also, FEPs did not specifically mention W-2's focus on work to applicants who were already employed. Employment-related questions such as work history, self-identification of employment barriers, and short- and long-term employment goals also received less emphasis with working applicants.

- **When the topic of the W-2 payment cycle arose, as it did in nearly two-thirds of the intake interviews, the applicants asked more questions.**

Participants who are assigned to the W-2T (transition) tier or to the CSJ (community service job) tier receive a monthly payment of $628 and $673, respectively.[5] The payment amounts associated with each tier were routinely discussed throughout most of the intake interviews. The W-2 payment cycle runs from the sixteenth day of a month to the fifteenth day of the next month, with the first payment being issued on the first of the month following the participation period.[6] In 63 percent of the interviews, FEPS provided applicants with information on the amount and anticipated arrival date of their first cash payment. W-2 payments were discussed most frequently at Employment Solutions (80.0 percent) and least frequently at OIC (47.4 percent).

The W-2 payment cycle is the program component about which applicants initiated more of the discussion by asking questions and expressing frustration about how long they had to wait to receive their first full payment.[7] Many applicants come to the W-2 agency when they are confronting an immediate financial hardship, and so the payment cycle is an important concern. The payment cycle is complex, and FEPs explained it in various ways.

FEP: I'm looking at your payment information and your August check will be for one day and your first full check will be in September.

App.: I'm wasting my time here. One day [of W-2 payment]! I will be four or five months behind.

FEP: I'm sorry, that's the way W-2 payment works. This is not like AFDC. You only get paid for activities. There is the Second Chance housing fund.

App.: So there is no help for me and my children? Would it be different if I was living out of my car?

FEP: I have to ask you if you still want to continue with W-2?

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[5] CMC participants also receive $673 per month.

[6] *Wisconsin Works Manual*, Section 10.2.0.

[7] At the time of this writing, the State of Wisconsin Division of Workforce Development (DWD) is examining the W-2 payment cycle, its impact on participants, and whether improvements are needed.

App.: What choices do I have? No, not really. I am damned if I do and damned if I don't.

In 17 percent of the W-2 payment cycle discussions, applicants compared the cycle to that of having a job.

FEP: Let me explain your cycle payment.

App.: My cycle payment, what does that mean?

FEP: The way in which you get paid. The payment goes from the 16th, you applied on the 24th [of June], so from the 24th to the 16th you will get $493 on August 1.

App.: Why, I have to work the whole time?

FEP: But it is because of the day you came in. You will get a full payment on September 1.

App.: That's a long time, I can get a job.

A fundamental premise of W-2 is to promote employment as being preferable to the program and to divert applicants to other resources that may assist them in obtaining economic self-sufficiency more quickly. The data suggest that some W-2 applicants may view the payment structure as a diversionary tool that is used during the intake interview; they conclude that they can receive a paycheck more quickly by getting a regular, unsubsidized job.

In instances where the W-2 payment cycle is not specifically mentioned by the FEP, the applicant can rely on printed materials that explain it. Or the payment cycle may be discussed in more detail during program orientation, which typically occurs during the first two weeks of enrollment. Additionally, FEPs may decide not to discuss the payment cycle with applicants who have previously received W-2 payments.

- **W-2 time limits were discussed in about half the intake interviews.**

W-2 eligibility is limited to 60 months lifetime, and participation in any W-2 employment tier (trial job, CSJ, and W-2T) is limited to 24 consecutive months.[8] According to W-2 policy, at a minimum FEPs are required to "go over the participant's time limit status at every review and at each new placement."[9] Time limits were discussed in 51 percent of the intake interviews we observed most frequently, at Employment Solutions (85 percent); and least frequently, at UMOS (25 percent).

Most discussions of time limits focused on explaining the differences between the two clocks: the federal 60-month lifetime time limit and the 24-month W-2 employment-tier time limit. FEPs also emphasized to applicants the importance of managing their clocks by keeping track of the remaining time and the importance of saving time on their clocks.

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[8]The time limits can be extended on a case-by-case basis; see *Wisconsin Works Manual*, Section 2.3.0.

[9]*Wisconsin Works Manual*, Section 2.3.3.

It is unclear why time limits were not discussed more frequently during the intake interviews. In some cases, applicants were given printed materials that provided information about time limits; they could review these and ask their FEP questions during a future meeting. These materials included visual aids such as illustrations of clocks detailing the time-limit policies.

- **Sanctions for noncompliance with W-2 rules were discussed in about 30 percent of the intake interviews.**

W-2 participants who are placed in the CSJ and W-2T tiers and who fail to participate in assigned work-training activities have their payments reduced by $5.15 per hour unless they have good cause for nonparticipation. Such reductions are commonly referred to as "sanctions." Sanctions were discussed in 29 percent of the observed intake interviews; they were discussed most frequently at Employment Solutions (60 percent) and least frequently at UMOS (10 percent).

Under W-2 policy, FEPs have discretion in deciding whether to issue "good cause" in lieu of a sanction for nonparticipation, and FEPs seem to have developed individual norms for making this decision. One FEP's sanctioning policy was the following: "It's just like a job. I have to treat you like an employer. The first problem with attendance, you come in and discuss it with me. Second problem, we discuss it and we put it in writing. The third problem, we will have to impose hourly reductions." Another FEP took this approach to sanctioning: "If you have to miss an activity for any reason, I don't want to be the last to know. Sometimes what participants do is wait until after the adverse action date to bring me a bunch of excuses. It's too late then, they have already been sanctioned." Yet another FEP explained: "I don't sanction people right away. I will follow up with you even at your home before I take steps to take away your money."

Sanctions frequently occur in W-2. More than half (53.5 percent) of all participants in the Milwaukee County W-2 program during the period covered by this study have received at least one sanction, and of those who have received a sanction, 45.1 percent have also been excused at least once for good cause.[10]

The issuance of a sanction or good cause depends largely on a FEP's discretion. FEPs may rely on printed materials to provide information about the sanctioning process, especially with applicants who have prior experience with W-2. Lack of mention of the sanctioning process during the intake interview may also reflect differences in FEPs' styles.

- **W-2 strikes were rarely discussed in the interviews.**

A more serious penalty for nonparticipation in W-2 employment activities is called a *strike*. A participant who accumulates three strikes in any employment tier will be ineligible to participate in that tier for life. FEPs are instructed to use a strike as an employer would use a formal suspension versus a less severe form of discipline, such as a verbal reprimand or a letter of instruction.[11]

Strikes were rarely (8 percent) mentioned in the intake interviews we observed. They were never mentioned in the interviews at YW Works and were mentioned in only 20 percent of

[10]Percentages are MDRC calculations based on CARES data.

[11]*Wisconsin Works Manual*, Section 11.2.0.

the interviews at Maximus. During our initial field interviews in 1998, W-2 agency administrators frequently commented on their reluctance to use strikes, citing the harshness and permanence of the strike policy and an overall reluctance to become the first agency to be aggressive in applying it. The infrequent mention of strikes during intake interviews most likely reflects their rare administration. Only 0.1 percent of all W-2 participants have ever received a strike.

II. Topics Related to Work Support

A. Employment Discussion

As noted previously, employment is the primary goal of W-2 and was discussed in 85 percent of the intake interviews observed. Several themes emerged from the discussion of employment as it relates to personal development.

Current Employment Status. An applicant's current employment status was discussed in 32 percent of the intake interviews we observed. Such discussion occurred most frequently at OIC (42.1 percent) and least frequently at Employment Solutions (20.0 percent). Applicants were typically asked whether they were employed. If the applicant indicated that she was employed, the FEP usually followed up with questions regarding place of employment, job position, whether the position was full or part time, wages, and length of employment.

Most applicants in this study were not currently employed. Those who were employed tended to work in part-time positions. Some applicants who worked part time wished to obtain full-time employment.

FEP: How many hours are you working?

App.: I work 95 hours per month. That's all that I can work at this employer.

A few applicants desired to work part time and go to school part time.

FEP: At this time, you are working 21 to 23 hours a week?

App.: Yeah and I am going to school in the evening but I am not making enough money so I have to go to W-2.

FEP: Are you interested in working more hours?

App.: Yeah, I like my job, but it just isn't enough hours. I have been there for two years and they have other positions I can apply for but I may not be eligible. That is why I am going back to school.

Employment History. In most (61 percent) of the interviews we observed, applicants were asked questions about their employment history. Such discussion occurred in over half the interviews at each W-2 agency and was most frequent at Maximus (70 percent). FEPs typically asked applicants about their most recent employment, what type of work they preformed, and why the job ended. Of the 61 applicants who were asked about employment history, only two re-

ported no previous employment. Most applicants' recent work history involved low-level positions at hotels, fast-food restaurants, temporary agencies, or nursing homes.

Most (54.1 percent) of the 61 applicants were asked why their most recent employment had ended. The most common reason (16.4 percent) was the medical condition of self or child, followed by termination related to temporary or seasonal employment (11.5 percent) or lack of child care (8.2 percent). The least frequently reported reasons for previous employment termination were marriage (1.7 percent) and lack of resources to buy required clothing (1.7 percent). (These data are not shown in tables.)

Job Search Activities. In 41 percent of the intake interviews we observed, applicants were asked about their recent and/or anticipated job search activities. The W-2 agencies varied considerably in discussing job search activities; 60 percent of the interviews at UMOS and Maximus included this topic, compared with about 24 percent at YW Works. Most applicants reported conducting an individual job search and/or attending a job fair sponsored by the W-2 agency. FEPs routinely mentioned their agency's internal resources for job search, such as upcoming job fairs, resource rooms, and services available from their job placement specialists.

Employment Preferences. In most (66 percent) of the intake interviews we observed, applicants were asked about their employment preferences. The topic came up most frequently at UMOS and Employment Solutions (75 percent) and least frequently at YW Works (52 percent). Discussions about employment preferences typically centered on shift preferences and the willingness to relocate (outside of Milwaukee) for employment.

Most applicants preferred working the first shift and were reluctant to work the third shift because of family responsibilities.

FEP: Do you have a shift preference?

App.: First or second.

FEP: Any shift you cannot work?

App.: Third, because my son is on a curfew and I have to be there.

Even if applicants expressed a willingness to work any shift, FEPs tended to raise family issues.

[W-2 Agency]

FEP: And the hours you want to work?

App.: It doesn't matter. If they have a fifth shift, I'd work that.

FEP: I don't want to put too much on your plate right now. Do you like first shift? That way you could be home with [your] baby.

App.: No, I have trouble waking up, but I am getting better.

FEP: What about a swing shift and you might work from 9 A.M. to 5 P.M.?

App.: Maybe.

[W-2 Agency]

FEP: What hours would you prefer to work?

App.: I really prefer first [shift], but I'm going to work second shift or third because that's where the jobs are. I like the premium.

FEP: I put in you prefer days, no nights because of your children.

App.: No, I said I prefer days but I want second or third shift to get more money.

Neither applicants nor FEPs expressed strong opinions about relocating for employment. When this topic was discussed, applicants were fairly evenly divided about whether or not they were willing to relocate, and FEPs did not typically probe more deeply.

Employment Goals. Most (56 percent) of the intake interviews that we observed included a discussion about the applicant's employment goals. This typically included questions about long-term and short-term employment goals, which were discussed most frequently at YW Works (76 percent) and least frequently at UMOS (35 percent).

Many applicants seemed to struggle to identify employment goals. Some applicants expressed general goals, most commonly including teaching, nursing, nursing assistant, or computer work. Even when applicants did express goals, they did not have very specific goals.

FEP: What is your primary career objective?

App.: Teaching

FEP: Any certain grade?

App.: No.

FEPs employed various approaches to assist applicants in defining their employment goals. Some FEPs encouraged applicants to "dream big," others encouraged the applicants to "be realistic," and still others suggested goals for the applicant to consider.

[W-2 Agency]

FEP: What's your dream job? What job have you always wanted to do since you were little?

App.: [laughs] Probably a veterinarian.

FEP: Do you still want to do that?

App.: Yes.

[W-2 Agency]

FEP: What would you like to have in 10 years?

App.: I would like to have a stable job, good payment, you know, to have a house and pay my bills.

FEP: In 10 years?

App.: Yeah, basically the same thing. That I would enjoy.

FEP: Save money for down payment for home — right? Let's try to work on one goal first. Too many is overwhelming.

[W-2 Agency]

FEP: Your long-term goal will be self-sufficiency and full-time employment.

App.: OK.

FEP: Your short-term goal will be whatever activities you are assigned.

App.: OK.

In general, fairly detailed discussions of employment occurred in about half the interviews we observed. These discussions seemed reserved for applicants whom FEPs considered employable in the near future. In cases where the person's application or CARES data clearly indicated severe employment barriers, such as the disability of self or being the primary caretaker of a disabled child, FEPs were not as likely to discuss employment during the intake and assessment interview.

III. Identifying and Assessing Barriers to Employment

The FEPs who conduct intake and assessment interviews for W-2 must also perform tasks related to employment development. During intake interviews, FEPs have their first in-person meeting, which allows them to learn more about applicants' strengths and interests as well as any employment barriers that explain their need for assistance. In analyzing the data, we collapsed employment development topics into three categories based on how frequently the topic was mentioned. (See Table 5.2.)

A. Frequently Mentioned: Education, Transportation, and Child Care

Three topics were routinely covered in more than two-thirds of the intake interviews we observed: education, transportation, and child care.

Education. Education was the topic most frequently discussed in all five W-2 agencies; it was discussed in 95 percent of the interviews overall, including every interview at UMOS and

Table 5.2

Frequency of Topics Mentioned in Intake Interviews

Topic	Frequency of Mention
Income support	
Payment cycle	Moderatel [a]
Time limits	Moderatel
Sanctions	Moderatel
Strikes	Infrequently
Employment	
Employment histor	Moderatel
Job search activities	Moderatel
Employment preferences	Moderatel
Employment goals	Moderatel
Employment sustaining	
Child care	Frequentl [c]
Domestic violence	Infrequentl
Educatio	Frequentl
Housing	Moderatel
Labor market discriminatio	Infrequentl
Legal issues	Moderatel
Medical issues--child	Infrequentl
Medical issues--sel	Moderatel
Transportatio	Frequentl

SOURCE: MDRC calculations based on observed intake interviews between W-2 participants and case managers from May 1999 through August 1999.

NOTES: [a]Moderately indicates at least one mention in 34 percent to 65 percent of the observed intake interviews.

[b]Infrequently indicates at least one mention in 33 percent or less of the observed intake interviews.

[c]Frequently indicates at least one mention in 66 percent or more of the observed intake interviews.

Maximus. Primarily FEPs asked applicants about their education level in general and whether they had completed high school or received their GED in particular. Some applicants also initiated a conversation with their FEP about funds available to continue their postsecondary education. The most common reason that W-2 applicants cited for not finishing high school was pregnancy.

During the intake interview, FEPs encouraged applicants without an education credential to seek a General Educational Development (GED) certificate, and they frequently assigned GED classes as a routine component of a participant's employability plan. This is consistent with W-2's inclusion of education and training activities as permissible components of the CSJ and W-2T tiers. CSJ participants can include up to 10 hours per week of education and training in their employability plan; W-2T participants can include up to 12 hours a week.[12]

However, a different message about education emerged from some FEPs during the focus group sessions. Some FEPs questioned the value of promoting education, especially GED completion, as a policy.

> *FEP:* The state says no GED or no high school diploma, then do not place them into unsubsidized [employment tier]. Basic education adds no value. They need money. It's too late for education. If you didn't do well in high school, you won't do well now.
>
> *FEP:* [I have] never had a person [W-2 participant] get their GED.
>
> *FEP:* You rarely find someone who wants to finish their GED. It is an embarrassment to go to GED classes that you failed earlier. GED classes take time away from filling out job applications. My family members have no education and worked and did well.

These FEPs' comments suggest a professional and personal reflection that GED completion may have limited success as a policy goal for participants with severe employment barriers. In particular, some FEPs questioned whether participants who express little interest in completing a GED should be continuously encouraged to pursue one, despite multiple previous unsuccessful attempts. They mentioned factors other than education as being important, such as the

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[12] *Wisconsin Works Manual*, Section 8.2.0. Education and training hours may be aggregated for a short time period. During this period, education and training hours must be mixed with at least some work-training activity each week. When an 18- or 19-year-old CSJ participant has not obtained a high school diploma or a declaration of high school graduation, the W-2 agency must allow the participant to attend high school or to enroll in a GED course in order to satisfy, in whole or in part, the required hours of participation. Per the governor's 1999-2001 biennial budget, a W-2 agency may allow a participant in a CSJ or W-2T tier to attend a technical college education program for up to 15 hours a week. However, among other requirements, the CSJ or W-2T participant must be employed or engaged in work training for 25 hours a week in addition to class time (*Wisconsin Works Manual* and Case Management Resource Guide, p. 53).

participant's self-esteem, the most appropriate use of a participant's limited time clock, and the return on the investment of W-2 funds.[13]

Transportation. The topic of transportation was mentioned in 85 percent of the intake interviews. Among these applicants, 86 percent cited the bus as their primary means of transportation, and few had a driver's license or access to a car. For this group, FEPs routinely provided bus passes to facilitate job search or to begin other W-2 activities. The remaining 14 percent of applicants cited other primary means of transportation, including borrowing a car or getting a ride from relatives or friends. For the few who had cars and licenses, other circumstances made transportation unreliable, such as needed car repairs, impounded vehicles, a suspended license, or traffic fines. Only four individuals in the sample reported having both a valid driver's license and access to a dependable car.

A range of transportation solutions are available under W-2, including bus passes, reimbursement for gasoline, payment for car repairs, help getting a driver's license, insurance assistance, vehicle maintenance (regular tune-ups) and repair programs, leasing and financing plans with local car dealerships, "how to buy a used car" educational services, vehicle donation and rehabilitation programs, and job access loans.[14]

Although W-2 policy allows for all these transportation solutions, the option most frequently mentioned by FEPs was bus passes. Applicants who cited the bus as their primary form of transportation were given bus passes to facilitate job search or to begin other W-2 activities. FEPs suggested additional transportation resources to only four applicants in the sample. Two of those discussions follow.

App. A: an African-American woman, age 42; no high school diploma, no current employment; employment history as a Certified Nursing Assistant; placed in the CSJ tier.

FEP: You said you would like to drive?

App.: Yeah, I do not have a license though.

FEP: But you want to learn? Because we have a program for that here.

App.: Really? To learn how to drive?

FEP: Yes, it is a week long and it prepares you for the written test. Have you ever taken the written test?

App.: No.

FEP: The class will get you ready for that and then you get your permit and you can drive with others who have a license.

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[13]A similar discussion has also occurred within the academic and evaluation research literature. See, for example, Heckman and Cameron, 1993.

[14]*Wisconsin Works Manual*, Appendix V, p. 24.

App. B: an African-American woman, age 25; high school graduate; currently working part time as a Certified Nursing Assistant; placed in the CSJ tier.

FEP: Do you have transportation? You still have a car?

App.: Yes.

FEP: Do you have a valid driver's license?

App.: No, they told me I need high-risk insurance and I cannot get my license back until I get it and I cannot afford it.

FEP: Are you driving?

App.: Do you want me to answer that honestly?

FEP: Yes . . . [pause] Well?

App.: Yes, I gotta do what I have to do.

It is not clear from the intake interviews which factors FEPs considered in suggesting transportation solutions. Although several applicants expressed a need for car repairs, insurance, license reinstatement, or help in obtaining a driver's license, FEPs rarely offered transportation remedies other than bus passes.

Child Care. Child care was discussed in 83 percent of the intake interviews we observed, and the topic was discussed most frequently at Employment Solutions (95 percent). According to W-2 policy, besides considering such factors as work history, education, and skills when determining an applicant's job readiness, FEPs must also discuss the family's child care arrangements. At a minimum, they should document the number and ages of children in the applicant's care, whether the children have special needs, the family's eligibility for child care subsidies, the availability of providers, and the parents' preferences and responsibilities in selecting a provider (and backup providers).[15] Compared with the other employment barriers examined, such as transportation and housing, child care was less often cited by applicants as an impediment to working. FEPs consistently referred applicants to 4Cs, an information and referral agency for child care providers in Milwaukee.

During a typical intake interview, most applicants are optimistic about their ability to secure child care and have made at least one provision for it. Many rely on extended family members or have identified a specific child care center that they wish to use. However, most applicants have not thought about backup child care arrangements in the event that their first choice is unavailable or fails.

FEP: You didn't ask for child care. Why?

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[15]Initially, under W-2, child care subsidies required a copayment not to exceed 16 percent of gross income (*Wisconsin Works Manual*, Section 15.2.0, p. 1). As of the 1999 budget, child care copayments cannot exceed 12 percent of gross income.

App.: They're in summer school right now.

FEP: Well, what about later?

App.: My daughter is in summer school.

FEP: How old are your children?

App.: Thirteen, eleven, and my youngest is six.

FEP: What about the [older] two?

App.: My mom [lives] upstairs.

FEP: What if she has something to do?

App.: We work it out.

FEP: You need a Plan B.

Similarly, applicants may know about a child care center close to their home but do not know whether the center has any openings. FEPs typically give applicants a week to 10 days to secure child care arrangements.

FEP: Do you have your child care set up?

App.: No, there are a couple [of centers] around my house. I just need to see if they have any openings.

FEP: OK, I will give you five days to find daycare. So you will start your activities on [date].

A few (11 percent) of the applicants in this study identified lack of child care as a barrier to maintaining previous employment or expressed general reluctance about using, or distrust of, child care providers. Those who identified child care as an employment barrier especially mentioned the difficulties of sustaining employment when a child is sick and cannot go to the center.

Subsequent interviews with W-2 program administrators indicate that child care often emerges as a barrier after participants secure employment. This suggests a difference between an applicant's anticipated ease of securing child care during the early W-2 intake stage and the difficulties that actually arise when child care arrangements are put to the test during employment. Problems are likely to emerge with the exact hours of needed child care, the proximity of the provider to the participant's home or employer, and the availability of care when a child is sick.

Although the topics of education, transportation, and child care were frequently discussed in intake interviews, they were not mentioned at all in some cases — most often because the applicant or her child had a medical condition or disability that precluded immediate employment. Sometimes, a large portion of the intake interview was spent addressing eligibility verification or CARES issues, which shortened the time available to discuss employment barriers. In fact, most of the in-

terviews that did not discuss child care also did not discuss transportation. In a few cases, the applicant did not have all the documentation needed to verify her eligibility for services.

B. Moderately Mentioned: Medical, Housing, and Legal Issues

Medical Issues. Medical issues were discussed in most (65 percent) of the intake interviews; they arose most often at UMOS (85 percent) and least often at Employment Solutions (55 percent). Typically the discussion was triggered by the FEP's asking questions to screen for the presence of health conditions that might affect the applicant's employability. Such questions probed current health status, including recent hospitalizations and visits to the emergency room, and alcohol or drug use. In a few instances, applicants initiated the discussion by providing documentation regarding a specific medical condition.

Among these applicants, 40 percent reported a chronic medical condition, most commonly asthma, diabetes, or mental illness; 34 percent reported no medical conditions; and 22 percent mentioned short-term health issues including pregnancy or a broken limb.[16] An incapacitation form completed by a physician is used by the FEP to assist in determining an individual's employability. For example, if an applicant has asthma but does not have an incapacitation form stating work limitations, her health is not considered to be a primary employment barrier.

Although it is difficult to ascertain from interview data alone how medical issues affect employment, the FEPs in the focus group sessions reported that participants with medically based barriers to employment pose special challenges and are becoming a larger part of the caseload. The most common approach in such cases is to encourage the participant to apply for SSI, but some FEPs perceive that participation in W-2 may jeopardize a participant's eligibility for SSI. Even in the W-2T tier, participants are expected to complete work-related activities, but that participation may negatively impact an application for SSI.

> *FEP:* Getting participants into SSI is a real struggle. It takes 18 months [to] two years before someone gets into SSI. They often need an attorney to get into SSI, the younger you are, the harder it is to get in and SSI never approves asthma, AODA [alcohol and other drug use], or mental health issues. There needs to be a separate program for those who can't or haven't gotten into SSI, but are unable to meet the work requirements of W-2.

The challenges of such cases are readily apparent. Should W-2 be used to provide financial assistance to participants who are unable to complete work-related activities because of medical problems and who are awaiting SSI determination? What should the sanctioning policy be for these cases? As an employment-based program, what commitment should W-2 have to this population? Adding to the complexity is the difficulty of providing appropriate case management for individuals whose SSI application has been denied. What should the backup plan be? Many FEPs expressed concern about the capacity of W-2 to meet the needs of clients with medical barriers to employment and wondered whether doing so presents a policy tension.

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[16] In 4 percent of the cases in this group, the nature of the medical condition could not be determined.

Many W-2 agencies have responded to such challenges by restructuring caseloads and providing extensive case management. Instead of having a mixture of cases, some FEPs manage a specialized caseload consisting only of W-2T participants; they thus provide more intensive case management to fewer participants.

Housing Issues. The discussion of housing issues was moderate in this sample and occurred in 60 percent of the intake interviews, ranging from 40 percent to 71 percent across agencies. Most discussions focused on housing as a barrier to employment or as an immediate concern. Four themes emerged: Applicants expressed concerns about (1) being behind in rent, (2) facing eviction, (3) living in poor-quality housing, and (4) coping with current or projected homelessness.

Most applicants with housing problems reported that they were one or two months behind in rent and faced potential eviction, and they inquired about assistance from W-2. A smaller number expressed concerns about the quality of their housing arrangement; problems centered on personal issues with the landlord, lack of repairs, and unsafe living conditions, including violence in their neighborhood. Two applicants in the sample indicated that they were homeless or living in a shelter. In most cases, the resolution of housing issues involved a referral to support services.

Legal Issues. Legal issues were discussed in 41 percent of the intake interviews, with almost 22 percent of the applicants expressing that legal issues were a barrier to employment. The discussion was typically triggered by the FEP's asking whether the applicant had any legal issues or had been convicted of a felony. These questions, however, were not asked of everyone, and most interviews proceeded without a discussion of legal issues; it is unclear how FEPs decided whether or not to probe this topic. When legal issues were discussed, most of them involved outstanding warrants, probation, battery charges, or pending eviction actions. Applicants also discussed the legal issues of other family members, particularly mentioning their teenage or young adult sons.

The intake interviews that did not mention medical, housing, or legal issues do not represent the dominant pattern. These issues may have been "discovered" during an earlier stage of intake (for example, by the resource specialist), and the FEP then queried the applicant further during the intake interview. Or perhaps a degree of randomness affected questions about these topics.

C. Less Frequently Mentioned: Children's Medical Issues, Labor Market Discrimination, and Domestic Violence

Child Medical Issues. The medical condition or disability of an applicant's child was discussed in 17 percent of the intake interviews we observed. Most of these applicants identified chronic health conditions affecting their child, including blindness, seizures, asthma, attention deficit disorder, and severe retardation. Applicants expressed concerns about maintaining stable full-time employment while being the primary caretaker of a child with recurring medical problems or long-term disabilities. FEPs typically inquired about the status of the child's SSI application and/or identified child care resources that might facilitate the parent's ability to work.

FEP: Are you aware that there are programs for home health care for your son?

App.: No, I wasn't.

FEP: Well, there are, and if we can get you help, you can get back to work.

In addition to the problem of limited child care options for children with special needs, assessment includes the complexity of determining whether a formal child care setting might compromise the health of the child and whether the parent's priority should be full-time employment or full-time caretaking.

FEP: What shift would you like to work?

App.: First shift

FEP: What hours?

App.: I really can't work. My son is on oxygen and takes a lot of medications.

FEP: Do you want child care?

App.: No, the pediatrician has advised against it because my son's immune system is weak.

There is also the added complexity of developing an employability plan for the caretaker of a child who is not determined disabled but who has a recurring health condition, such as asthma or bronchitis, that is likely to result in more absences from work as the parent handles doctor's appointments and sick days or child care or school issues.

Labor Market Discrimination. Labor market discrimination and employer prejudice were discussed in only 5 percent of the intake interviews. In two of these five interviews, the FEPs initiated the discussion by asking the applicant to identify employment barriers, reading from a list that included "employer bias or prejudice due to race, sex, age or other." Neither of these two applicants identified labor market discrimination as an employment barrier.

The remaining three applicants initiated the discussion about labor market discrimination. One applicant discussed an ongoing discrimination suit, and the other two discussed the prejudiced attitude of an employer.

App.: No one wants to hire me. I went on that interview that you set up last week. They don't want me because I'm pregnant.

FEP: They're not supposed to do that. What happened?

App.: Well, she didn't ask me if I'm pregnant. She asked me when I would take a leave. She smiled this little smile and then she said, "Is there any scheduled amount of time you would need off in the next six months?"

FEP: And when you said yes, what did she say?

App.: "Your six months maternity leave?" And I said, "yes." I was there for two hours. They had me do a math test, and two computer tests.

FEP: What did she tell you?

App.: She said that they would get back to me and she asked if I was limited to that position. I said "no." She would have to refer me to the company and then they would do an interview as well. But I don't think she will because I'm pregnant.

FEP: When were you there?

App.: Last Thursday.

FEP: Well, you may be right. It happens all the time, but it may be that they will get back to you.

Domestic Violence. Domestic violence was discussed in only 4 percent of the intake interviews, and the discussion was triggered by another issue, including recent job loss, mental health, discontinuance of education, and child support. FEPs did not systematically initiate questions about domestic violence during the interviews we observed. Even when applicants raised this issue, FEPs did not probe the subject matter but, rather, shifted the discussion to other topics.

FEP: What about child support?

App.: I don't contact him. He has been abusive. I don't want him to know where I am.

FEP: If you want to complain about W-2, you are entitled to a fact-finding. It is important that you notify me immediately if you start working. This also applies to your county worker and Food Stamps.

During the interviews we observed, sensitive subjects such as labor market discrimination and domestic violence received little verbal attention, even when the discussion was initiated by the applicant. This suggests either that the FEPs document such topics for future discussion with other agency staff or that the topics do not receive additional discussion. In either case, the applicant does not receive verbal indication from the FEP that these subjects will be followed up.

Compared with the topics described earlier, discussions in the intake interviews of a child's medical issues or of domestic violence or labor market discrimination were infrequent. In general, most such discussions were initiated either verbally by the applicant or by written comments in her CARES file, thus prompting the FEP to initiate a discussion.

During the intake interview, the FEP has the important task of deciding whether the applicant is eligible for W-2 and, if so, of determining her initial tier placement and activity assignment. Chapter 6 highlights the important factors and guiding principles that help FEPs make this determination.

Chapter 6

How FEPs Choose Initial Tier and Activity Assignments

The primary goal of the intake interview in Wisconsin Works (W-2) is to allow the financial and employment planner (FEP) to collect information about an applicant to facilitate choosing an initial tier and activity assignment for her. As discussed in Chapter 1, this decision is important for both the W-2 applicant and the W-2 agency; it affects the level of income support that the applicant receives and that the agency must pay. The decision is made more complex by the policy requirement that FEPs make tier assignments early during the intake process.

This chapter analyzes how FEPs make decisions about initial tier and activity assignments. How do FEPs use formal assessment and informal assessment tools to assist in determining an applicant's tier placement? Which factors seem to matter most, and which are not as thoroughly considered? Our analysis suggests that there are guiding practices and certain important decisionmaking patterns that underlie FEP's tier choices. After examining these, the chapter concludes with brief discussions of the post-intake assessment options used by the agencies, the frequency of their use, and the extent to which participants' tier assignments changed during the early months of their involvement in W-2.

It is important to emphasize again that, under W-2, FEPs have only seven working days from their initial meeting with an applicant to determine whether to place her in an employment tier and, if so, which employment tier.[1] W-2 agencies may not have resources immediately available to satisfy all participants' requests. Interest frequently exceeds available slots, especially for popular programs, times, and locations. Additionally, all the agencies have a limited capacity to facilitate alcohol and drug dependency rehabilitation. Many such shortages reflect limited community resources, for example, few child care providers for children with special needs. FEPs must consider the convergence of all these factors, case by case, as they make decisions.

I. Decisionmaking Patterns

- **The emphasis on early formal assessment testing varies by agency.**

As mentioned earlier, W-2 policy allows agencies discretion in conducting an assessment of applicants and authorizes a range of informal and formal approaches. FEPs are expected to decide case by case whether formal assessment measures are needed and, if so, which measures to require. When making the initial decision about an applicant's W-2 tier and activities, however, it seems that agency procedures rather than FEPs' preferences are the most important determinant of the role of formal assessment. In mid-1999, agencies followed a spectrum of practices, with some emphasizing formal assessment during intake more than others. Over the past two years, however, there have been several important changes in agency intake procedures, and this evolution could continue in the upcoming months. Thus, the picture presented here of the

[1] *Wisconsin Works Manual*, Section 5.1.0, p. 1. The application process can be extended up to 30 days only if the applicant needs extra time to meet verification requirements.

practices used from mid to late 1999 should be seen as illustrating the range of formal assessment approaches and their influences on agency decisionmaking.

Formal assessment measures were discussed in 34 percent of the observed intake interviews. Most of the discussions occurred at YW Works; in fact, the FEPs there discussed formal assessment measures with applicants more than all the other W-2 agencies combined. Formal assessment tools were mentioned in 86 percent of the interviews at YW Works, compared with 30 percent at UMOS, 26 percent at OIC, 20 percent at Maximus, and 5 percent at Employment Solutions. When formal assessment measures were used, their administration typically occurred after the initial decision about tier placement and activity assignment. (Post-enrollment formal assessment is discussed later in this chapter.)

FEPs at YW Works generally preferred that an applicant complete the Test of Adult Basic Education (TABE) prior to the intake interview and prior to making a decision about the person's tier and activity assignments. As one FEP explained to an applicant: "Well we need it [TABE scores]. And until we get it, your case is pending that information. So there is not much more I can do until that is in. I am going to set you up for the TABE assessment and I will set you up to come in the early part of next week." Another FEP told an applicant: "We use these tests to decide whether to put you in Basic Adult Education classes or GED. To go into GED you have to have an eighth-grade reading and math level, so [based on this applicant's scores] we are going to place you in Adult Basic Education."

The emphasis on formal assessment at YW Works may reflect several characteristics of that agency. As mentioned, the partnership operating YW Works includes a firm with experience in the health care field, especially regarding risk management, and at one point staff at YW Works talked about their goal of developing a statistical system that could be used to assess clients and identify the best activities for them. Although this system was never implemented, in early 1999 the agency revamped its intake process and substantially increased the role of the resource specialist in collecting information about applicants; in fact, some FEPs transferred to this new role. Under the new system, staff described assessment as beginning immediately, at the applicant's first contact with the agency. YW Works used formal questionnaires to assess barriers to employment (including housing, transportation, physical and mental health, child care, and other special issues) and tested basic skills using the TABE. The initial meeting with the resource specialist was expected to take approximately 90 minutes and was designed to provide much more information to the FEP in deciding the initial tier placement. Shortly before making this change, YW Works hired new staff with a health care background (including a nurse with mental health experience) to increase its in-house assessment capacity.

When formal assessment tests were discussed by FEPs at OIC, UMOS, and Maximus, they were typically presented as one component of a forthcoming, general assessment process that would include other job-readiness activities. Additionally, even when an applicant was scheduled to take the TABE, the lack of TABE scores generally did not preclude an initial tier placement. FEPs at these three agencies were more likely to proceed with the case without the results of formal assessment, exercising the option to reassess the case when additional information was available.

FEP: *[to observer]* So what I am going to do today is attempt to open her case and place her in the job-readiness assessment that we put all clients in. She is part time, so once she finishes that assessment, she will be expected to give some of that time to W-2. A future referral will be done to place her in employment search once she has completed the five-day assessment.

FEP: *[to applicant]* OK, I am going to give you a referral for that assessment, either the week of the 21st or the week of the 28th. Do you have a preference?

APP.: The 21st.

FEP: OK, the 21st. OK, the assessment is scheduled from the 21st to the 25th. Like I said, it is an all-day thing. It will consist of testing, some workshops, stuff like that.

Compared with YW Works, these agencies tended to view formal tests as an important component of overall assessment but did not rely as heavily on the results in making an initial tier placement. During our focus group session at one of these agencies, some FEPs questioned the results of the TABE: "You cannot always trust the TABE scores. Participants do not take it seriously. It's a grueling three-hour test."

Formal assessment tools were rarely mentioned during the intake interviews at Employment Solutions. During our focus group session there, the FEPs agreed that no formal assessment tools were currently used but said that there were plans to begin using the TABE during early 2000. Again, this may reflect important differences in the agency's values and culture. Employment Solutions is a subsidiary of Goodwill Industries, an organization with a well-established national reputation for servicing clients with multiple barriers to employment. The agency's perception of assessment may thus incorporate more of a community dimension. As one FEP at Employment Solutions commented: "We rely on our colleagues [other FEPs] a lot to help assess clients, and especially for identifying resources and services in the community that clients can use."

- **Certain tier categories are used only in specific, easy-to-identify circumstances.**

By definition, some tier categories have very limited applicability. Applicants who are eligible for categories relating to parental status are quite easy to identify; minor parents, noncustodial parents, and parents of a newborn pose no special assessment problems. Sixteen applicants in this sample were pregnant at the time of their intake interview. If a pregnant applicant had no other custodial children, she was placed in the case management for pregnancy category until the birth of her child. If she had documentation from a physician that the pregnancy was high risk, she was typically placed in the W-2T tier. Otherwise, she was placed in the CSJ tier and assigned activities.

The most controversial designation in W-2 has been that of *ready for unsubsidized employment* (labeled CMS, for case management services), because it does not carry any level of income support or employer subsidy. Among the cases we observed, this designation was used primarily in two circumstances: when an applicant was already working and when an applicant declined in writing to participate in other aspects of W-2.

In this sample, FEPs decided to place 10 applicants in the CMS category, and these cases were fairly evenly distributed across agencies. OIC placed three applicants in CMS; Maximus, UMOS, and YW Works placed two applicants in CMS; and Employment Solutions placed one applicant in CMS.

Of the 10 applicants placed in CMS, six were currently employed. Of these, two applicants who worked in seasonal employment were expected to return to their jobs in the fall; three had recent stable job experience (including one who had a job interview already scheduled prior to meeting with her FEP); and one individual was pregnant at the time of the intake session. In these instances, the applicant typically expressed a specific, immediate need and inquired about or the FEP suggested applying for a no-interest job access loan.

- **The trial job tier is rarely used in W-2, further narrowing the choices available to FEPs.**

Trial jobs involve a subsidy to employers who are willing to hire W-2 participants, with the expectation that these temporary appointments will be converted into regular jobs. Trial jobs are rarely used at any point in participants' involvement in W-2, and this tier assignment is even rarer as an initial placement for applicants. In Milwaukee County's strong labor market, employers are aggressive in seeking out sources of employees. Agency staff reported that employers who are interested in hiring W-2 participants just want to make a regular hire and avoid the paperwork associated with receiving the subsidy. This infrequent use of trial jobs in W-2 is consistent with the experience of grant diversion programs (a related predecessor in AFDC), which rarely reached any large scale.

- **FEPs' tier decisions relate primarily to community service jobs (CSJ tier) versus transitional placements (W-2T tier), and agencies have developed guiding practices that simplify decisionmaking.**

Guiding Practice 1: Rely heavily on impressions of the applicant during the intake interview. FEPs value highly the impressions they glean from the intake interview. This is their initial chance to meet an applicant in person, and it comes just before they typically make a decision on tier placement. The following comments illustrate the emphasis that FEPs put on this interaction:

FEP: I have an opportunity to ask questions. The application is only one piece of information.

FEP: Because I was able to see how she works with someone in person. The interview gives me a chance to know the client better and build trust because I'll be her primary contact.

Guiding Practice 2: Use CSJ as the catchall tier because of its flexibility and less demanding documentation. FEPs across the agencies viewed the CSJ tier as being the most flexible in terms of both required documentation and the range of participants it can accommo-

date. Many FEPs seemed to use the process of elimination when assigning tiers that involve payments. The trial job tier, as discussed above, is rarely used. And there must be a solid reason for placement in the W-2T tier, with its requirement for documentation (such as a physician's statement to verify the disability of a child). That leaves community service jobs. The CSJ tier is more flexible in that the two primary factors considered about an applicant her education and work history do not require the same level of formal documentation associated with the W-2T tier. FEPs accepted an applicant's unverified statements about whether she had a GED or high school diploma and about her employment background.

Assigned activities within the CSJ tier are also more flexible. Although all agencies commonly use four activity components (work experience, education, job search, and employment readiness/assessment), FEPs have discretion in designing the most appropriate mix of activities to satisfy the required 40 hours of participation per week. The work experience component places the participant in a community service job, typically for 20 of these hours.

If the FEP determines during the intake interview that the applicant needs additional job-readiness and assessment skills (usually based on the applicant's attitude during the interview or on an uneasily explained work history of multiple short jobs), the FEP can front-load these components into full-time activities for (typically) two to three weeks. Each agency has a module that includes formal assessment, motivational training, conflict resolution, interviewing, and attitudinal skill-building.

Similarly, if FEPs suspect that an applicant is job-ready but are hesitant to place her in the unsubsidized employment tier, they can front-load her activities with full-time job search for the first couple of weeks to see how well she fares in the labor market while still protected by the financial safety net of W-2.

FEPs typically include 10 hours a week of education (GED preparation) for individuals without a GED or high school diploma. As noted earlier, some FEPs question whether GED preparation should continue to be routinely assigned to participants who do not have these credentials.

Guiding Practice 3: Focus on the activities, not the tier. FEPs can assign a combination of activities, whether an applicant is formally placed in the CSJ or the W-2T tier. Work experience, education, and training are all allowable activities for CSJ and W-2T participants.

Guiding Practice 4: Follow agency norms in assigning activities, some of which are intended to provide an opportunity for further assessment. The W-2 agencies exhibit different norms in assigning activities. OIC strongly emphasizes job search as an immediate activity following enrollment. As one FEP commented, "Everyone is assumed to be job-ready, unless they prove otherwise." More than the other agencies, OIC tends to assign job search as the *exclusive* activity for the first two weeks. YW Works is interested in conducting an intensive, formal assessment of an applicant early in the intake process. Maximus tends to emphasize its Max-Academy, which provides up to 15 days of full-time job preparation with a menu of options including parenting, motivation, basic education, job retention, work experience, and formal assessment. Employment Solutions uses very few formal assessment tools, but its FEPs tend to assign a standard mix of activities: 20 hours of a community service job, 10 hours of GED preparation, and 10 hours of job search.

These four guiding practices in making activity assignments leave FEPs more discretion at some of the agencies than at the others. FEPs at two W-2 agencies felt that their options were somewhat limited in assigning specific activities and hours of participation. They reported that supervisors questioned activity assignments that varied from a particular format, and their solution was to use "creative coding" in the CARES system. FEPs at two other agencies felt that they had substantial discretion in assigning activities and hours of participation.

- **W-2 tier and activity assignments can seem complicated and are potentially confusing, highlighting the importance of presenting them clearly to applicants.**

Given the nature of the intake and assessment session, the FEP may initially communicate to the applicant that she will be placed in one tier (often the CSJ tier) but, as the interview progresses, information emerges that warrants placing her in the W-2T tier. Similarly, the FEP may discuss one set of activities but then due to availability or timing of service openings or the emergence of new information may alter the activities.

In some cases, our field researchers were uncertain about an applicant's tier placement or activity assignment until discussing them with the FEP after the intake interview. In addition, some FEPs alternated the descriptions of required activities by hours and by week, which complicated the presentation.

FEP: What I am going to have you do is 10 hours at Milwaukee Area Technical College (MATC). Initially you will get a referral to the 34th Street site for orientation. After that we'll assign you to our [address] Goodwill store. Four hours a day you'll go to the work site. After that you'll come to MATC for two hours and then you'll do two hours of job search.

FEP: We are going to schedule you for 20 hours a week at the CSJ site, two hours a day for job search and two hours a day MATC activities to equal 40 hours.

FEP: Your first activity will be your GED, two hours a week. You will work four hours a day at the work site for 20 hours and your last activity will be job search 10 hours a week.

Participants always receive printed information about their activity assignments, but the description of multiple activities across sites in terms of both hours per day and hours per week can be confusing. Considering W-2's strong emphasis on sanctions for nonparticipation, it is important that programmatic requirements be presented clearly.

II. Formal Assessment After the Intake Interview

Although W-2 emphasizes early assessment of applicants, the assessment process is ongoing. In general, W-2 agencies may administer many formal assessment tests after initial tier and activity assignments are made, although agencies vary considerably in the use of post-placement formal assessment. Employment Solutions uses the fewest formal measures, relying

primarily on the Test of Adult Basic Education (TABE), which is typically administered by a literacy subcontractor after an applicant is assigned to a tier.

Maximus employs assessment staff who administer several formal tests including the TABE, the Barriers to Employment Success Inventory (BESI), the Career Ability Placement Survey (CAPS), the Career Occupational System (COPS), the Career Orientation Placement Evaluation Survey (COPES), and the Employee Reliability Inventory (ERI). These assessment instruments are typically administered after initial tier assignment but may be used before that point at the FEP's request.

UMOS takes a similar approach. Its primary formal assessment measures include the BESI, the CAPS, the COPES, the COPS, the TABE, the Career Interest Inventory, the Wide Range Achievement Test (WRAT), and a psychosocial assessment. With the exception of the psychosocial assessment (which is completed by the FEP), most formal measures are administered by assessment coordinators, usually after tier assignment.

YW Works places considerable emphasis on formal assessment. The agency's CSJ job coach administers the General Aptitude Test Battery (GATB), which assesses clerical aptitude, after initial tier placement. In addition, a psychiatrist completes a comprehensive psychological evaluation that incorporates tests of learning disability, cognitive functioning, and IQ. The agency's pre-academy staff administer the BESI, the ERI, and the Job Search Attitude Inventory. YW Works also typically uses a home visit team to complete a formal Family Needs Assessment, which details the level of family functioning and identifies areas of need.

Glossary

CARES. Client Assistance for Re-Employment and Economic Support. Wisconsin's statewide automated record system; used in W-2 to establish eligibility and to record case management activities.

Case management follow-up (CMF). A case management category in the unsubsidized employment tier; includes employed individuals previously assigned to a subsidized employment tier, such as CSJ, trial job, or W-2T. Participants in this category do not receive a cash grant but are eligible for case management services, earned income credits, Food Stamps, medical assistance, child care, and job access loans.

Case management services (CMS). A case management category in the unsubsidized employment tier; includes individuals who are unemployed but capable of obtaining employment. Participants in this category do not receive a cash grant but are eligible for case management services, earned income credits, Food Stamps, medical assistance, child care, and job access loans.

Case management unsubsidized employment (CMU). A case management category in the unsubsidized employment tier; includes individuals working in unsubsidized employment. Participants in this category do not receive a cash grant but are eligible for case management services, earned income credits, Food Stamps, medical assistance, child care, and job access loans.

Community service job (CSJ). A W-2 employment position or tier for individuals who are not job-ready. A CSJ is intended to improve the employability of participants by providing work experience and training in the public and private sectors. Participants in this tier can receive a cash grant of $673 per month.

Custodial parent of an infant (CMC). A category in W-2 that allows the parent of an infant (up to 12 weeks old) to receive a monthly payment of $673 without being subject to any participation requirements.

Department of Workforce Development (DWD). The State of Wisconsin agency responsible for the overall administration of W-2.

Early entrants. Participants who enrolled in W-2 during the period of conversion from AFDC (from October 1997 through March 1998).

Employment Solutions of Milwaukee, Inc. One of five agencies selected to implement W-2 in Milwaukee County. Employment Solutions is a nonprofit organization that is a subsidiary of Goodwill Industries of Southeastern Wisconsin. Employment Solutions provides W-2 services to participants in Regions 4 and 5.

Financial and employment planner (FEP). A case manager employed or contracted by a W-2 agency who provides eligibility determination, job-readiness screening, employability planning, and ongoing financial and employment case management services.

Job access loan. A loan administered through the W-2 agency to assist a participant to overcome an immediate and discrete financial crisis that prevents the participant from obtaining or maintaining employment.

Late entrants. Participants who enrolled in W-2 during the second year of operations (from November 1998 though October 1999).

Maximus, Inc. One of five agencies selected to implement W-2 in Milwaukee County. Maximus is a private, for-profit firm that provides W-2 services to participants in Region 6.

Middle entrants. Participants who enrolled in W-2 during the remainder of the first year of operations (from April through October 1998).

Opportunities Industrialization Center of Greater Milwuakee, Inc. (OIC). One of five agencies selected to implement W-2 in Milwaukee County. A nonprofit, community-based organization that provides services to participants in Region 3.

Resource specialist. A W-2 agency employee or contracted employee who assesses an applicant's needs, performs initial referrals to service providers, diverts the individual to other resources, and evaluates the need for W-2 services.

Sanction. A financial penalty imposed on a CSJ or W-2T participant for failure to participate in assigned activities, without good cause. Cash benefits are reduced by $5.15 per hour for each hour of nonparticipation.

Strike. A penalty imposed on a W-2 participant who fails or refuses, without good cause, to participate in a W-2 employment position. A participant who accumulates three strikes in any W-2 employment tier will be ineligible to participate in that tier for life.

Supportive services planner (SSP). A county government employee who determines eligibility for W-2 supportive services such as Food Stamps, medical assistance, child care, and emergency assistance.

Tier. A W-2 employment position; see CSJ, trial job, ubsubsidized employment, and W-2T.

Trial job. A W-2 employment position or tier designed to improve the employability of participants by providing work experience and training to assist them in moving to unsubsidized employment. The W-2 subsidy for a trial job is paid directly to the employer.

United Migrant Opportunity Services, Inc. (UMOS). One of five agencies selected to implement W-2 in Milwaukee County. UMOS is a nonprofit, community-based organization that provides services to participants in Region 2.

Unsubsidized employment. Employment for which a W-2 agency provides no subsidy to the employer; includes self-employment and entrepreneurship. This highest tier, or rung, of the W-2 program includes three subcategories: CMF, CMS, and CMU.

W-2 Transition (W-2T). A W-2 employment position or tier designed for individuals who are not job-ready but tend to have long-term barriers to employment, such as incapacitation of self or child. This is the lowest rung on the W-2 employment ladder. Participants in this tier can receive a cash grant of $628 per month.

Wisconsin Works (W-2). Wisconsin's Temporary Assistance for Needy Families (TANF) block grant program for families with dependent children.

YW Works. One of five agencies selected to implement W-2 in Milwaukee County. YW Works is a limited-liability, for-profit organization that provides services to participants in Region 1.

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